
OPERATIONAL POLICIES

Asset Management



Policy Number:	05
Relevant Delegation:	Not Applicable
Adoption Details:	28 January 2016
Last Review Details:	27 April 2021

POLICY OBJECTIVE:

To achieve best practice in the management of the Shire of York's infrastructure and physical community assets including:

- ensuring assets are capable of providing the community's desired level of service at an accepted level of risk.
- optimising asset life and replacement.
- making asset investment decisions which support the broader community vision.
- optimising wider cost impacts on the Council's overall financial position
- maintaining a level of flexibility around technical design which allows the community to respond to significant change over time.

POLICY SCOPE:

This policy applies to all physical assets owned by the Shire of York.

POLICY STATEMENT:

INTRODUCTION

The primary physical assets of the Shire of York are: roads, footpaths, street lighting, buildings, plant, vehicles and recreational facilities, along with information and communications technology. It is through these assets that significant services are delivered to the community.

Maintenance and renewal of existing assets makes up a very large part of the Shire of York expenditure. Failure to undertake planned maintenance or maintenance generally can lead to asset decline and bring forward the time when assets need to be replaced. Optimising asset life through understanding asset condition can avoid significant and unnecessary early replacement costs. Judging the fine line between anticipated asset life, actual asset condition, maintenance regimes and replacement lies at the heart of asset management practice.

Community decisions about desired levels of service relative to cost impacts, will also determine the level of investment in either new assets or the capacity upgrade of existing assets.

Making decisions about this kind of investment also a whole of life approach. It is essential that the Council's long term financial planning and budgeting processes take account of the whole of life cost of assets and this requires a good quality asset management base.

This policy sets out the requirements for asset management planning.

PRINCIPLES

- (a) Confidence in the management of the Shire's assets, the quality of asset information, the links between technical asset standards and levels of service delivery, and the financial information identified as needed to maintain the asset base, is essential to Councillors being able to make informed and robust decisions.
- (b) Decisions about asset investment must be informed by a whole of life/ life cycle methodology.
- (c) All asset management plans must be structured to provide clear links between levels of service decisions, management regimes and asset funding requirements.
- (d) Decisions about asset management which have a consequence for the level of service delivered to the community must be explicit, must be made by Councillors and formally consulted on with the community.
- (e) Decisions about the funding of the maintenance and replacement of assets must be transparent and any decision to defer maintenance or replacement must be formally consulted on.
- (f) In consulting the community about asset driven levels of service and new asset investment, the community must be provided with information about whole of life costs.
- (g) Asset management will aspire to local government sector best practice for similar sized and resourced Councils.
- (h) Risk assessment and management is a fundamental aspect of asset management.
- (i) Future asset management investment decisions will explicitly canvass emerging technologies, will address resource efficiency especially energy impacts and opportunities to reduce operating costs, and maintain where appropriate, a level of flexibility which enables Council to respond to changing contexts.

PROVISIONS

1. ASSET MANAGEMENT FRAMEWORK

The Shire will develop and maintain an Asset Management Framework which will be reviewed by each incoming Council (four yearly) in conjunction with the Integrated Planning and Reporting process.

The Framework will address the high level organisational capacity for asset management and identify what standard of asset management planning will be sought in the immediate and medium term.

The Framework will be received by the Audit Committee for their information and approval.

2. ASSET MANAGEMENT IMPROVEMENT STRATEGY

The Shire will develop and maintain an Asset Management Improvement Strategy (AMIS) which will address the following matters:

- a base line scan of asset management capability and capacity.
 - a program addressing improvements needed to achieve Basic, Intermediate or Advanced performance including timelines and resource needs.
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The Plan will be received by the Audit Committee for their information.

The resource needs arising from this Plan will be reported to Council as part of the Integrated Planning and Reporting processes and the development of long term and annual budgets. Final approval of relevant budgets will be cross-referenced back into the Plan once finalised.

3. LINKS TO THE LONG TERM FINANCIAL STRATEGY, THE CORPORATE BUSINESS PLAN AND ANNUAL BUDGETING PROCESSES.

As part of the four year review under the integrated planning and reporting process (IPR) all Asset Management Plans will be reviewed along with the Asset Management Improvement Strategy to provide a base line input unto that process.

Where it is known that funding has not kept abreast of required funding set out in the asset management plan, a **levels of service impact statement** will be prepared as input into the IPR process. This will include:

- a statement of the required funding (and timing) needed for asset maintenance and renewals in order to maintain levels of service.
- a description of the level of service that would be provided if funding is maintained at the current levels.

Where the IPR preparation process identifies potential new levels of service involving physical assets that may be adopted by Council, an **asset management impact statement** will be prepared which sets out the asset management implications and anticipated funding needs. This information will be used as information to inform Councillors in the process of preparation of a draft long term financial plan and the corporate business plan.

4. MONITORING AND REPORTING

The Audit Committee shall be provided with a report on the implementation of the Asset Management Improvement Strategy on an annual basis.

5. COMMUNICATION

A brief report on the implementation of the Asset Management Improvement Strategy will be published annually on the Council website along with the upcoming improvement program for the following year.

PENALTIES:

Not applicable.

KEY TERMS/DEFINITIONS:

Not applicable.

Responsible Officer:	Executive Manager Infrastructure & Development Services
Contact Officer:	Executive Manager Infrastructure & Development Services
Relevant Legislation:	Local Government Act 1995, Section 56.1 Local Government (Administration) Regulations
Relevant Documents:	Department of Local Government & Communities, Integrated Planning g & Reporting, Advisory Standard.

Review History:

Date Review Adopted:	Resolution Number
Adopted – 28 January 2016	
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