

Policy Number:	ADM17
Policy Type:	Administration Policy
Policy Name:	Asset Management Policy
Policy Owner:	Chief Executive Officer
Authority:	Shire of Nannup

OBJECTIVE

The objective of this policy is to ensure that services delivered by the Shire of Nannup will continue to be sustainably delivered. This will be achieved by ensuring that Council assets are able to function at the level needed to support all service areas as determined by Council, with consultation from the community.

It will also provide clear direction to the administrative arm of Council as to how Council, as custodians of community assets, will manage those assets within an Asset Management Framework on a “whole of life basis”.

POLICY

The Shire of Nannup is committed to ensuring that Asset Management is recognised as a major corporate function within Council, and that staff are committed to supporting the function in line with this policy.

The Council will make informed decisions in relation to its assets.

To achieve this, the Shire will prepare:

- An Asset Management Plan for the following classes of assets:
 - Roads
 - Footpaths
 - Drainage
 - Buildings and Freehold Land
 - Parks & Reserves
 - Bridges
 - Plant and Equipment
 - Furniture and Equipment
 - Playground Equipment
- The Asset Management Plan will guide the implementation of Asset Management practices within the resource constraints of the organisation and will set out:
 - Responsibilities
 - Timelines, and
 - Resources

The Asset Management Plan will form part of the Shire’s strategic and day-to-day business practices and will be used to make decisions in relation to service delivery when it comes to considering the need to acquire new assets, renew existing assets, upgrade existing assets or dispose of existing assets to support service delivery.

The Asset Management Plan will be prepared in a format that will comply with the Department of Local Government's Integrated Planning Framework. This will include long term (10 year) financial modelling of the renewal profile of each asset class and will be underpinned by the Long Term Financial Plan.

In making informed decisions in relation to infrastructure assets, the Shire will address the following key principles:

- A philosophy of renewing assets before acquiring new assets and, where possible, rationalising assets that are no longer used or do not provide the necessary level of service required to sustainably deliver the service for which the asset was acquired.
- Prior to consideration of any major refurbishment or improvement to an asset, a critical review of the following shall occur as part of the evaluation process:
 - The need for the facility (short and long term)
 - Ensure that all projects will be prioritized within organisational goals identified by key stakeholders.
 - Legislative requirements
 - Opportunities for rationalisation and/or potential for multiple use of assets
 - Future liability, including ultimate retention/disposal versus budget.
- All capital projects will be evaluated in accordance with a Capital Evaluation model and take into account the capital cost, the ongoing cost of maintenance, refurbishment, replacement and operating cost ("whole of life" cost assessment). As part of this evaluation, Council will undertake the following:
 - Identification of suitable sites.
 - Preparation of a needs analysis.
 - Preparation of a feasibility study.
 - Preparation of concept plans and indicative costing.
 - Extensive community consultation to gauge the level of community support for the project.
 - A quantity surveyor's report on the proposed concept plans.
 - Funding sources to be identified and finalised.
- The management of assets utilising a team approach supported by the multi discipline cross-functional Asset Management Team.
- Developing and implementing a 10 year Long Term Financial Plan that incorporates infrastructure renewal requirements as identified within the Asset Management Plan.
- The commitment to involve and consult with the community and key stakeholders when determining service levels.

LINKAGE TO SHIRE OF NANNUP'S STRATEGIC COMMUNITY PLAN

This policy sets out the Council's overall approach to asset management. The Asset Management Plan, and the linked Asset Improvement Strategy, sit below the Community Strategic Plan and inform the Long Term Financial Plan. Together, these documents will inform the annual budget.

RESPONSIBILITY AND REPORTING

It is important that the roles and responsibilities of asset managers are well defined and understood. This is set out as follows:

Council - responsible for approving (including amendments to) the following documents:

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan

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

In adopting the Asset Management Plan, Council is also determining the Level of Service for each asset class.

Chief Executive Officer (CEO) - responsible for ensuring that systems are in place to ensure that Council's Asset Management Policy, Asset Management Strategy and Asset Management Plan are prepared and kept up to date, reviewed at least annually and that recommendations are put to Council (at least annually) in relation to appropriate resource allocation to fulfil the objectives of the above documents. The CEO reports to Council on all matters relating to Asset Management.

Asset Management Team (AMT) – Consisting of the Chief Executive Officer (CEO), Manager Corporate Service (MCS), Manager Infrastructure (MI), and the Corporate Services Officer (CSO) is responsible for ensuring that Council's Asset Management Strategy is achieved and that the Asset Management Plan is prepared and maintained in line with Council's Policy on Asset Management.

Any changes, non-compliances and proposed corrective actions within Council's Policy, Improvement Strategy or Plans will be addressed by the AMT.

Manager Corporate Services (MCS) – responsible for resource allocation (from Council approved resources) associated with achieving Council's Asset Management Strategy. The MCS reports to the CEO in relation to Asset Management resource allocation.

Manager Infrastructure (MI) – responsible for supporting and facilitating the AMT with all areas within his/her control and ensuring that resources are commissioned (where appropriate) to assist the Asset Management Team achieve its objectives. The MI reports to the CEO on all matters relating to Asset Management.

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

CONSULTATION

The Shire of Nannup will engage the community and key stakeholders to determine the levels of service outcomes from infrastructure and assets. The budget will be the key driver of this process.

POLICY REVIEW

This policy is to be reviewed by the AMT on an annual basis in line with normal Council Policy review.

POLICY DEFINITIONS

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

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

“Asset Management Plan” means the plan developed for the management of infrastructure assets or asset categories 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 Shire of Nannup.

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

“Level of Service” means the combination of function, design and presentation of an asset. The higher the Level of Service, the greater the cost. The aim of asset management is to match the asset and level of service 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 the asset operating and to achieve its optimum life expectancy.

“Operations” – means the regular activities to provide public health, safety and amenities 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.

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

“Renewal” means the restoration, rehabilitation or replacement of an existing asset to its original capacity. This may include the fixture of new components necessary to meet new legislative requirements in order that the asset may achieve compliance and remain in use.

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

“Shire” means the collective Shire of Nannup organisation. The Chief Executive Officer of the Shire of Nannup is responsible for ensuring the Shire’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 the enhancement of an existing asset to provide a higher level of service.

Related Policies	ADM4 – Purchasing FNC1 – Capitalisation of Fixed Assets FNC2 – Depreciation of Fixed Assets WRK12 – Plant Replacement
Related Procedures/Documents	Forward Plan (2011/12-2015/16) Strategic Community Plan
Delegated Level	
Adopted	OM 25 August 2011
Reviewed	OM 25 January 2018