

Title	Asset Management Policy
Description	A policy to outline the asset management framework, objectives and fundamental principles for the sustainable and effective lifecycle management of infrastructure assets.
Category	Assets
Type	Policy
Approval authority	Executive
Responsible officer	Manager Buildings and Asset Management
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Human Rights compatibility	This policy has been assessed and is compatible with the Victorian Charter of Human Rights of Responsibilities

1. Purpose

Yarra City Council is responsible for the stewardship and management of a range of important community infrastructure assets such as roads, bridges, buildings, drains, parks, open space, plant, equipment, whitegoods and furniture. Asset management is at the centre of Council's overall financial and strategic planning. The purpose of this Policy is to outline the asset management framework, objectives and fundamental principles for the sustainable and effective lifecycle management of infrastructure assets.

Essentially, this Asset Management Policy provides Council's commitment to Asset Management. Together with the Asset Management Strategy, individual Service/Asset Management Plans and associated working procedures and practices, this policy establishes a comprehensive, accountable and transparent framework to ensure that Asset Management is undertaken in a structured, coordinated, and financially sustainable manner across the whole organisation.

2. Scope

This policy applies to the following physical long-lived infrastructure assets owned or controlled by Council:

- Roads and Bridges;
- Pathways;
- Kerbs and Channel;
- Drainage and Stormwater;
- Buildings;
- Fleet;
- Information Services;
- Artwork;
- Open Space and Recreation assets.

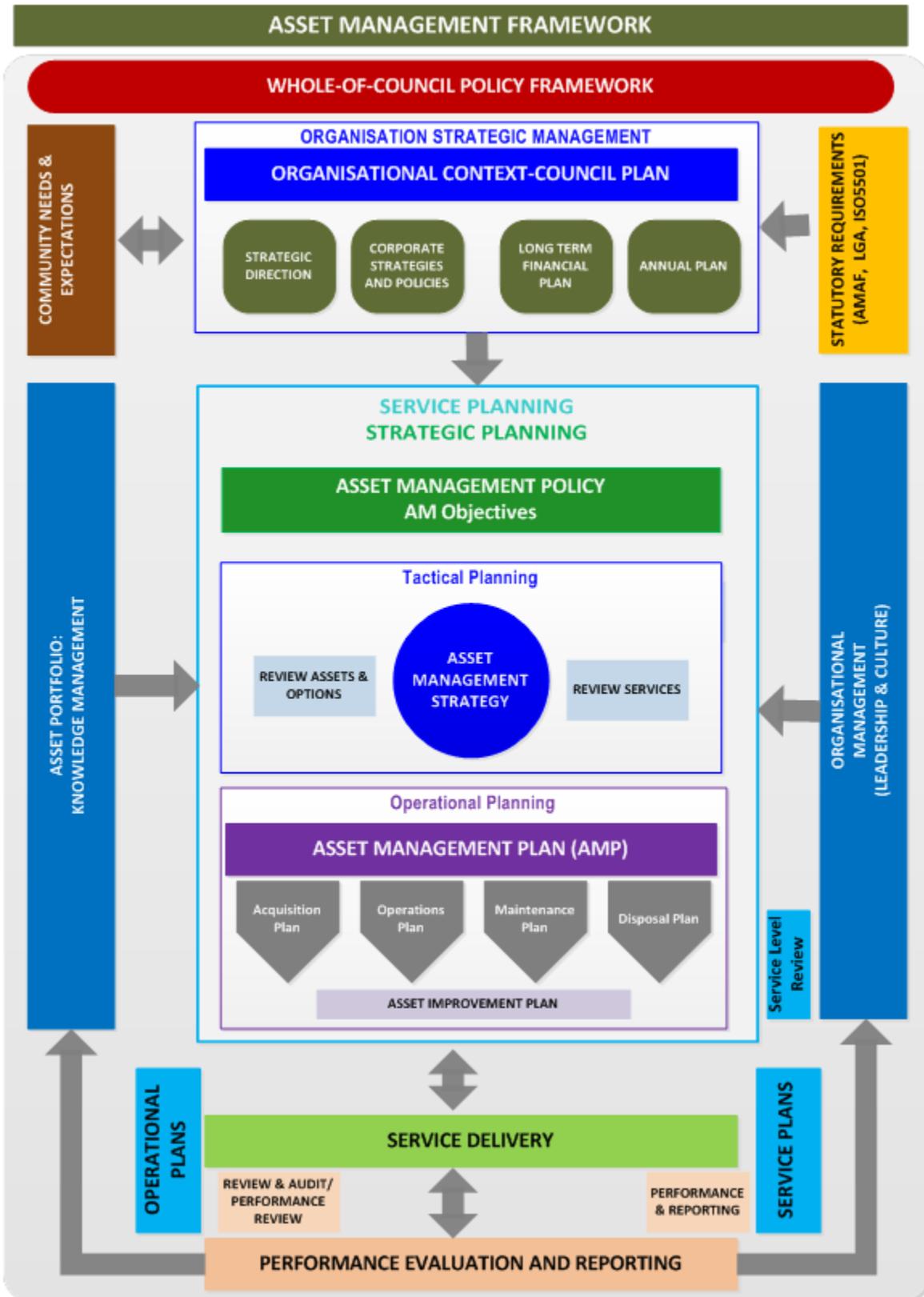
This policy will apply to Council and all Council staff and supports participative decision making by the community.

Yarra City Council functions and obligations are primarily set out in the Local Government Act and Road Management Act 2004. The scope of the policy is also guided by the Asset Management Accountability Framework (AMAF) under the Financial Management Act 1994.

The above operating environment requires the Council to establish and implement policies/strategies/plans for managing public infrastructure assets. This Policy provides the basis for community asset lifecycle management.

3. Policy Objective

A key objective of this Policy is to define the Asset Management (AM) Framework that will be used to guide the Council asset planning and decision-making (AM Framework as outlined in the Figure below illustrates the relationship between Council's Strategic Planning and Asset Management Planning). The application of asset management framework will provide assurance to optimise the whole of lifecycle costs to manage the assets and the objectives defined in this Policy can be achieved consistently and in a sustainable, well planned and coordinated manner minimising the exposure to risk. This will be achieved through the development, implementation and on-going improvement of the asset management strategy, asset management plans and service plans by Capital Works Planning Group.



4. Policy Principles and Asset Management Objectives

The asset management policy, principles and objectives will drive the asset planning and service delivery through the community assets within Yarra City.



4.1. Asset Management Principles

This Policy is established on:

- A set of Policy Statements aligned to strategic objectives that reflect overall Council's asset management approach
- A specific set of asset management principles to achieve sustainable service delivery

Policy Statements

The purpose of this Policy is to demonstrate Yarra City Council's commitment to the responsible management of Council's infrastructure assets. Asset Management is the process of guiding the planning, acquisition, operations and disposal of assets, to make the most of their service delivery potential and manage the related risks and cost over the whole of lifecycle of the asset.

Asset Management Principles

The following principles will be used by Yarra City Council to guide asset management planning and decision-making (aligned with AMAF and ISO55001 asset management principles) to achieve the organisational objectives:

Table 1 – Asset Management Principles and Objectives

Principles	Objectives
<p>Asset Planning (output focus)</p>	<ul style="list-style-type: none"> • Asset management strategies and plans are developed in accordance with the Asset Management Framework; • All proposals for provision of new service infrastructure assets will provide for accessibility, environmental, social, heritage, risk exposure and financial sustainability needs; • Service/Asset Management Strategies and Plans will include processes which provide accountability to the community; • Council will continue to invest in improving its asset management knowledge and commit to further research and development of asset management plans; • Council's asset management and service provision strategies shall aim to seamlessly integrate to ensure best appropriate practice in asset management; • As guidance to its development of asset management, Council will continue its involvement in the MAV's STEP Program which has two components the National Assessment and Improvement Plan Framework and the Financial Management and Asset Management Framework for Local Government; • The Asset Management Strategy will be updated to provide a road map for the delivery of the objectives under this policy. Service delivery needs to guide asset management practices and decisions; • Service Levels and Asset Management Plans will be developed in a manner that includes community consultation so that informed decisions regarding these matters can be made in partnership with the community.

Principles	Objectives
<p>Leadership and Accountability</p>	<ul style="list-style-type: none"> • Council will have asset management commitment (ownership, control, accountability and reporting) from all levels to ensure understanding of organisational objectives and roles & responsibilities in achieving them; • Council will aim to provide fit for purpose assets to support service provision; • Council will aim to systematically upgrade current assets to meet current and future accessibility standards; • Assets will be utilised to their fullest potential to maximise usage and economic performance; • Council will not accept any asset created by a third party until it satisfies minimum acceptable quality standards; • Council ensures its current asset base has a minimal impact on the environment, energy, water and waste efficient components/construction techniques are utilised wherever possible; • Council shall proactively inspect and protect its asset inventory and actively seek compensation from any parties who have damaged municipal assets; and • Management of both the service and asset lifecycle shall aim to be undertaken in accordance with the AMAF/ISO55001 and/or International Infrastructure Management Manual Service Delivery Model; • Council will continue to invest in enhancing its service planning knowledge, skill set and operational practices with a commitment to a continuous improvement approach as guided by the Service Delivery Model; • Executive and Senior Managers will actively support cross organisational collaboration to deliver best practice service and asset management outcomes; • Managers through their service planning projects are to understand current and future customer expectations, predict changes in asset needs and measure expected outcomes; • Well documented Service Level Agreements are developed so that expectations of Service and Asset Managers are clarified and performance can be measured; and • Service and service levels will also be determined by the funding level provided from all three tiers of government.

Principles	Objectives
<p>Whole of Lifecycle Approach (Informed Decision Making)</p>	<ul style="list-style-type: none"> • Consideration of whole of lifecycle costing will inform decisions to create or upgrade a Council owned asset or accept an asset from a third party. Asset activities (Funded maintenance, upgrade or new projects will be reviewed for full life cycle ('whole of life') costs as part of the project evaluation and prioritisation process) will be aligned to this Asset Management Policy and will: <ul style="list-style-type: none"> → Be based on optimising whole of lifecycle costs; → Be underpinned by appropriate and accurate data; → Define the most appropriate approach to asset inspections, maintenance and renewal; → Define a risk based approach to determine asset intervention (threshold) requirements; → Define resilience requirements to take into consideration of emerging knowledge of climate change; → Decisions to rationalise assets will be aligned with service requirements. • Service Levels must be developed by Council and be tested through community consultation; • Service levels will be developed in a manner that can be understood by the community. Technical Service Levels will be developed based on these community Service Levels; • Service levels are determined by a consideration of a number of factors (funding level/affordability, corporate plan priorities) as well as through community consultation; • Council will continually monitor, audit and review, including accessibility, levels of service options vs. cost and risk exposures, its asset portfolio, to ensure it is responsive to service delivery needs and meets the goals and targets set by Council; • Council will commit to understanding community expectations regarding the management of Council assets. Council will continue to document target Service Level standards to act as a guide for decision makers to ensure assets are provided in a desirable form and perform to the required standard; • Council will continue to monitor community satisfaction regarding asset management.
<p>Asset Accounting and Valuation</p>	<ul style="list-style-type: none"> • The valuation of Council assets shall be in accordance with the accounting standards applicable for Local Governments within the State of Victoria; and • Economic asset lifecycle shall be set at levels that reflect the service potential of the relevant asset category. Economic asset lifecycle may be adjusted on the basis of reliable asset performance data through the Financial Management & Asset Management Framework for Local Government.

Principles	Objectives
<p>Organisational Capabilities (Resources and Capacity)</p>	<ul style="list-style-type: none"> • Council will develop asset management capabilities, people culture and competency across the organisation to an appropriate level of maturity; • Staff will be appropriately trained in relevant asset and financial management principles, practices, data, systems and processes; • Asset Management Strategies and Plans are developed in accordance with the Asset Management Framework and also Budgetary Framework outlined in this Policy; • Assets will be managed using a lifecycle approach and in accordance with the asset management techniques details in industry best practice guidelines such as ISO55001, Asset Management Accountability Framework (AMAF) and the International Infrastructure Management Manual (International Edition 2015); • Prior to the consideration of any new asset acquisition and / or major redevelopment / upgrade to an existing asset, a details cost-benefit analysis will be developed and consultation undertaken with the community; • The disposal of any asset shall be in accordance with Council's Asset Disposal Policy and Council's Asset Disposal Procedure; • Assets will be regularly maintained to ensure that they continue to function as built for the duration of their life in accordance with Sustaining Yarra Principles; • Council aspire to responsibly provide funding and resources to deliver on the principles as stated in this policy; • Decisions to provide new services or assets to the community shall be based on information that justifies initial expenditure and demonstrates the long term ongoing investment required to ensure the services and assets can continue to perform for the benefit of current and future generations; • Funding for all asset purchase, maintenance, rehabilitation and replacement shall be guided by Council's Asset Management Plans and included in the capital works programme, annual budgetary process, Long Term Financial Plan and annual Business Plan; • On an annual basis, Council shall prepare a ten year capital works program with the Long Term Financial Strategy; • Upon approving a new or redevelopment / upgrade capital works project, Council shall also commit to provide appropriate lifecycle funding for renewal, maintenance and operation within the capital work and operational budget; • Council shall aim to prioritise the provision of funding for legal compliance, renewal, maintenance, and operation of existing assets in preference to financing new works or asset upgrades; • Council will aim, in an appropriate and timely manner to address any backlog of renewal works identified in Council's Asset Management Plans. Council will aim to avoiding future backlogs by providing renewal funding at a level that matches the predicted deterioration rate of the asset network; • Where possible, Council shall seek to support the asset renewal budget through the disposal of identified surplus or obsolete assets; and • Council shall proactively seek grants and partnership opportunities to supplement investment in lifecycle asset management.

Principles	Objectives
<p>Compliance with Legislative and Regulatory Requirements</p>	<ul style="list-style-type: none"> • Council will undertake all asset management activities in accordance with the Asset Management Framework; • Council will manage its asset portfolio in a manner that ensures its compliance with the relevant legislation and regulations; • Council shall be responsive to legislative or regulation changes and provide appropriate funding to ensure compliance occurs in a timely manner.
<p>Risk Management</p>	<ul style="list-style-type: none"> • Council will proactively insure for loss, property damage and public indemnity arising out of Council operations and service delivery through the provision of infrastructure assets; • In the event that a damaged or deteriorated asset represents an extreme or high public safety risk, temporary protection works will be undertaken to mitigate the risk. The effectiveness of all temporary works measures will be monitored until a more permanent repair is undertaken; • Council shall proactively seek continuous improvement in risk management techniques and processes to minimise insurance premiums and mitigate community access and safety risks; • Council will maintain occupancy agreements (including leases and licences) with all third party occupants which clearly demarcate the maintenance and renewal responsibilities; • Demarcation agreements shall be developed to clarify maintenance responsibilities shared with a third party; • Proactive inspections of Council's assets shall be undertaken to monitor compliance with occupancy agreements and asset deterioration; • In the event an asset is no longer able to be maintained in a safe condition, it shall be removed from service and secured to ensure unauthorised access is prevented; • Council shall establish and deliver maintenance service standards that preserve assets, mitigate risk and meet the desired service outcomes; and • A risk management approach is to be adopted for property management, public safety and environmental and social impacts of assets and their associated service delivery utilising the Council's Risk Management Policy and Framework in accordance with ISO 31000 International Risk Management Standard.

Principles	Objectives
<p>Knowledge Management (Asset Information Systems & Data Management)</p>	<ul style="list-style-type: none"> • Council shall utilise an asset management system to assist in the delivery of the policy, strategic direction, plans and regulatory compliance, maintenance and renewal programs; • Council will aim to continuously improve its asset knowledge and maintain an up to date asset register of its asset inventory; • The asset management system shall be considered a corporate system and shall integrate with other corporate software; • The asset management system shall store all corporate data pertaining to Council assets. This information will be proactively used when managing the lifecycle of a Council asset; • Council shall monitor the utilisation and condition of assets to provide information on the possible rationalisation or disposal of assets. • Council will conduct ongoing evaluation of asset performance against current and future market trends to achieve best long term financial performance; • Council will continue to improve its knowledge of its asset network and understand what it owns and for what it is responsible; • Council will continue to invest in regular asset condition audits to collate data to assist in making informed decisions; • Data pertaining to occupancy arrangements (including leases and licences) shall be integrated within the asset register; • Information regarding asset valuations shall be linked to the asset register; and • All new and upgraded assets will be recorded in Council's asset register.
<p>Performance Evaluation and Monitoring</p>	<ul style="list-style-type: none"> • Implementation of the Asset Management Policy requires the adoption of Service/Asset Management Strategy and Plans informed by community consultation and local government financial reporting frameworks/AMAF; • Upon the adoption of a Service/Asset Management Strategy/Plan, Council will aim to ensure that the required level of resources is provided to implement the improvement recommendations; • Asset management is to be integrated into the organisation's business processes; • Council will establish and maintain an audit programme including audit criteria, scope, frequency, methods, and responsibilities & reporting; • Asset management performance and monitoring progress will be reported regularly to ET and/or the community in accordance with measures developed as part of the asset management strategy and will be integrated with the Annual Reporting framework.

5. Budgetary Framework

Asset management practices must ensure that Council's infrastructure asset base is sustained into the future. In order to meet this need and also to meet State and Federal requirements (such as AMAF) this Strategy along with the AM Policy requires that:

- Council reporting is broken down into work categories of: operational, maintenance, renewal, upgrade/expansion and new; and

- Funding areas are broken down into “Discretionary” & “Non-Discretionary” in both recurrent and capital budgets.

As shown in Table below, this process requires four funding areas. The first two are the “Non-Discretionary” operational and capital renewal budgets. The capital commitment is to fund the ongoing asset refurbishment and renewal requirements to ensure longevity of Council’s assets and to enable funding for an approved additional new / expanded service.

Table 2 – Asset Management Budget Process

Recurrent Funding	Asset Management	Capital	Consequential Recurrent Funding
Maintenance & Operations	Renewal / Compliance	New/Upgrade	New maintenance and Operational Cost
Funds to maintain and operate existing asset stocks and risks so that existing services are maintained to approved service standards.	Funds to renew existing asset stock and compliance needs, in order to retain capacity to deliver specified levels of service of existing services and to manage risk. It must also allow for renewal of additional new and upgraded asset stock for approved new or improved services.	Funding for provision of new or upgrades to assets and to support approved new, improved or expanded services. Funds allocated only when all non-discretionary requirements are met.	Funds for the additional maintenance, and operating costs as determined by the lifecycle cost analysis that will be incurred as a result of the proposed new and upgraded assets, to support approved new or expanded existing services.
‘Non-Discretionary’ Operational	‘Non-Discretionary’ Capital	‘Discretionary’ Capital	‘Non-Discretionary’ Operational

When Council considers its discretionary capital expenditures for new and upgraded assets it is essential that it also recognises the impact these have on the operational budget. Additional budget is required to support the additional operational, maintenance and renewal costs that will be incurred with the commencement of the expanded / new service.

This additional consequential recurrent funding due to approved new/expanded services is classified as non-discretionary operational cost. If this funding is not provided Council can expect a reduction in the level of services of other existing services, to compensate for funding of the new / expanded service.

Where operational or capital funding is required to mitigate risk or to meet statutory compliance it is also ‘Non-Discretionary’.

As new and upgraded projects are identified and considered in the annual budget, an assessment of their environmental, social, heritage and financial impacts is presented to Council. The financial impact relates to any consequential ongoing operational, maintenance and renewal costs that are determined through a lifecycle assessment for the life of the service or asset. Each new/upgrade

capital project will have a lifecycle assessment conducted as part of completing the project implementation plan that is conducted during the development of the capital works program.

During a critical incident that requires immediate funding Council may consider diverting funding towards this immediate incident. Diversion from discretionary funding should take precedence over non-discretionary funding to ensure there is minimal impact on service delivery.

6. Building Capacity and Training

City of Yarra recognises that asset management needs a 'whole of organisation' approach. The organisation will support implementation of asset management with appropriate resources, systems, and training. Councillors and staff with asset management responsibilities will be trained in asset management and financial principles, practices and processes.

7. Monitoring and Review

Accountability for the implementation of this Policy sits with the Executive Team (ET). This policy will be monitored regularly to ensure its relevance in terms of community needs and expectations, Council goals and targets and statutory requirements. The Executive Team shall review compliance with this policy on a regular basis and report to Council when required.

Council will develop and maintain all documents (such as Asset Management Strategy, Asset Management Plans) required to operate the Asset Management Framework using standard terminology and definitions. The AM Framework will be used to:

- Document the processes by which asset management responsibilities are delivered
- Identifies key roles and responsibilities
- Identify the asset management competencies required for these roles
- Identify compliance with the AMAF and ISO55001
- Establish communication arrangements with customers/stakeholders

Council shall undertake regular audits to monitor compliance with policy strategic direction, regulatory obligations and plans.

This Policy shall be reviewed at least every four (4) years to ensure consistency with Council Plan and other policies & strategies and enhance the effectiveness of delivering the necessary outcomes. Systematic and cyclic reviews will be applied to all asset classes to ensure that performance outcomes defined within approved assets performance meets agreed service levels.