Infrastructure Asset Management Strategy

Strategy Owner	Manager Parks and Assets
	Engineering and Infrastructure
Creation Date	27 March 2006
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Please check Council's Intranet to ensure this is the latest Revision

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MITCHELL SHIRE COUNCIL

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1. Introduction

This Strategic Asset Management document has been developed to improve the management of Council's infrastructure assets and ensure that assets used to support the services delivered by the Mitchell Shire Council are sustainable and continue to function at a level of service determined by Council and accepted by the broader community.

Victorian Councils' physical assets comprising roads, bridges, drainage, buildings, parks and recreational facilities represent a major investment built up over many generations as is the case of Mitchell Shire, infrastructure maintenance and renewal costs consume a large part of Council's budget. They are frequently significantly higher in some periods than others and can have a substantial impact on Council's budget and human and capital resource planning.

Asset Management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over the entire asset life.

Mitchell Shire has been an active participant in the Municipal Association of Victoria's STEP Program, later evolving into the National Asset Management Assessment Framework (NAMAF) which aims to improve asset management knowledge and practices across all Victorian municipalities.

Council needs to have a formalised approach to asset management so it can maximise the function of its assets while minimising potential risk & financial liability of ownership for Council. Council needs to know what affect the current level of funding of asset maintenance, asset renewal and asset improvement today will have on the assets in future years.

The long lived nature of many assets and the need for their ongoing renewal means that planning must be based on an understanding of the "whole of life" costs throughout each asset's life cycle. This then provides a basis for the management of both short and long-term continuance of the assets capacity to function and to meet the Mitchell Shire vision of "*Together with our community, creating a sustainable future.*" and achieve one of the key strategic objectives contained in the Mitchell Shire "Council Plan 2013-2017":

"Shaping the future of our communities through forward planning and well-built and maintained facilities and infrastructure."

The action plan contained in this Strategy focuses on the key elements necessary to improve the standard of asset management over the next two years and identifies key asset management milestones.

This document is the third iteration of an Infrastructure Asset Management Strategy and replaces the version adopted by Council on 27 April 2011.

2. Background

The Mitchell Shire is located less than one hour north of Melbourne in the heart of Victoria and covers a total area of 2864 sq. km. The Shire, formed in 1994,

comprises parts of the former Rural City of Seymour and areas of the former Shires of Broadford and McIvor and all of the former Shires of Pyalong and Kilmore.

The Australian Bureau of Statistics (ABS) estimates that the Mitchell Shire Council had an estimated resident population of 34,119 as of 30 June 2009 with continuing population growth of more than 3% each year. Mitchell Shire's age structure is youthful with 30.21% aged under 18 and only 11.1% aged over 60.

In 2014, the Shire had an estimated population of 39,079 persons, and in 1996 the population was 25,680 persons this represents a 52.17% increase over the 18 year period. These statistics and forecasts are updated by the ABS annually and can be found on Council's website.

The Council over a number of years has built up a considerable asset base to enable it to provide services to the community.

As at 2014 these assets include:

CATEGORY	APPROXIMATE QUANTITY	ESTIMATED REPLACEMENT VALUE
All Road Formations	1,383 km	$35,841,875
Urban Sealed Pavement	264 km	$65,695,252
Rural Sealed Pavement	376 km	$64,097,980
Gravel Pavement	704 km	$15,130,698
All Road Seals	661 km	$29,109,230
Bridges & Culverts	296	$40,674,918
Drainage	264 km pipes 7878 pits	$54,836,198
Footpaths	217 km	$29,306,545
Kerb and Channel	382 km	$27,690,731
Buildings	162	$106,235,233
TOTAL		$468,618,660

3.   Overview of Council's Asset Management Policy

On 22 November 2010, Council readopted the Asset Management Policy to provide direction as to how the Shire's infrastructure assets will be managed within an Asset Management Framework.

The Mitchell Shire Asset Management Policy has been developed to ensure sound stewardship of physical assets as a core function of Council operations.

The key objective of this policy is to ensure that assets used to support the services delivered by the Mitchell Shire Council are sustainable and continue to function at a level of service determined by Council and accepted by the broader community. This policy establishes the guiding principles, commitments and responsibilities for managing Council's infrastructure assets for present and future generations.

With its continuing implementation and more formalised approach to asset management principles and methodology, Council will achieve significant benefits including:

- Integration of resources and knowledge.
- Better and more informed decision-making.
- Greater resource efficiency through the use of integrated systems.
- Improved efficiency and reduction of capital funds and asset operation costs.
- Ability to plan for present and future generations.

In developing policy for Asset Management, Council has ensured that the policy considers:

- Compliance with Legislative and regulatory requirements.
- Corporate responsibility and the need for resources.
- Community consultation and the Best Value Review Program.
- Management of assets is undertaken in a structured and coordinated way.
- Council's Risk Management Policy.
- Financial, social and environmental sustainability.
- Continuous improvement.

4. Strategic Asset Management

4.1 Overview

The objective of this Strategy is to describe how Council will meet its commitments to asset management as documented in its Council Plan (Sustainable Growth and Development) and Asset Management Policy.

It establishes a framework for the ongoing enhancement of AM practices to meet developing community needs and will assist Council to maximise the return on investment in asset maintenance, asset renewal and other capital expenditure and to provide the community with safe infrastructure.

In developing the Asset Management Strategy the following have been considered:

- The current status of Asset Management systems, practices and funding.
- Required improvements to asset management procedures, systems and training

- Future renewal expenditure requirements.
- Systems for asset performance measurement and ongoing monitoring.

The key planning steps for asset management improvements locks into the following wagon wheel.

Asset Management STEP Program Diagram

4.2 Relationship with other Council Strategies, Plans and Policies

Total Asset Management planning requires the interaction of Councils Long Term Strategic Planning, Council Plan, Levels of Service/ Best Value Practice, Asset Management Policy, Asset Management Strategy, Long Term Financial Strategy and all of the other key elements of asset data management systems, accounting, asset condition and performance, maintenance, renewal, replacement and disposal including final documentation of all key activities in an Asset Management Plan.

The planning process is driven by the needs of the community and is summarised in the table below.

KEY STRATEGIC INTERFACES

Community Needs	Identified though Community Consultation Processes
Council Plan	Establishes: • Strategic Objectives • Annual Budget • Long Term Financial Plan
Asset Management Policy	Establishes: • Guiding Principles for Asset Management • Commitments and Responsibilities
Asset Management Strategy	Identifies: • Current Status of Asset Management Practice • Required Improvements • Action Plans, Timeframes and Responsibilities
Asset Management Plan for Major Asset Classes	Asset Management Plans Advise On: • Management Practices • Levels of Service • Long Term Funding Requirements • Annual Capital Renewal Requirement • Annual Maintenance Requirement Which are then considered in developing the Council Plan and Budget on an annual basis.

Other Council documents also influence Asset Management Plans and how priorities are allocated to infrastructure asset, capital, renewal, rehabilitation and replacement expenditure.

The following are important resource documents:

• Community Services Plan

• Risk Management Policy

• Risk Management Strategy

• Best Value Reviews

• Stormwater Management Plan

• Infrastructure Service Agreement

• Road Management Plan

• Open Space Strategy 2013-2023

- Recreation & Reserve Master Plans
- Aquatic Facilities Strategic 2013
- IT Management Strategy
- Municipal Public Health & Wellbeing Plan 2013-2017
- Special Charge Scheme Policy
- Mitchell South Place Management Plan

4.3 Community Consultation

Council's ongoing community consultation program contributes significantly to the development of Asset Management Policy, Implementation Strategy Plans and the establishment of asset management programs and budgets.

The following are some of the major community consultation initiatives undertaken by Council:

- Mitchell 2020 Community Survey - input received from the community will contribute to a draft shared vision for the Mitchell 2020 Plan.

- The Department of Victorian Communities Annual Community Satisfaction Survey – In a telephone interview residents are asked to rate their local governments performance on an overall basis as well as specific service responsibilities.

- Road Management Plan - The development of the Councils Road Management Plan incorporating a road hierarchy, service levels and standards was carried out with community consultation throughout the municipality this was undertaken in 2013.

- Wallan Structure Plan – to develop a plan to address the changing needs of the Wallan community.

- TRIM Customer Request System – Council's customer request system provides valuable customer and community input into identifying asset management issues.

- Community Groups and Committees of Management – Councillors and Council Senior Officers regularly attend these meetings and receive feedback on a range of asset management issues. E.g. Neighbourhood Renewal Program, Kilmore Integrity Kept, Friends of Beveridge etc.

- Community Planning – Council has adopted a program based on a framework under the Best Value legislation program that seeks to determine the community aspirations of the level of service required of Council assets and municipal services.

The need to more closely monitor and benchmark the impact of asset management improvements on community satisfaction has been identified as an important future initiative.

5. Current Asset Management Status

5.1 Asset Management Roles and Responsibilities

Best practice Asset Management is seen as a whole of organisation activity, that is it impacts on or involves staff from across the organisation who are involved with the lifecycle management of the Council's assets or delivering services supported by those assets.

As such the adopted team structure, outlined below, reflects Council's and senior management's roles and includes designated staff from a variety of service areas. The Council, its Executive Leadership Team, Senior Leadership Team and key asset management staff have defined roles, responsibilities and commitments within the Council Asset Management Policy.

Council

- To act as stewards for infrastructure assets.
- To set corporate AM policy and vision with linkage to the Council Plan.
- To set levels of service, risk and cost standards.
- Approve and review Asset Management Plans and Improvement Strategies and monitor the outcomes.
- To ensure appropriate resources and funding for AM activities are made available to integrate AM policies and AM plans into the corporate governance framework.

Senior Leadership Team (SLT) To establish an "overarching" AM Policy and an AM Strategy with linkage to the Council Plan and the Long Term Financial Plan for consideration by council.

- To foster and support the cross functional Strategic Asset Management Working Group (SAMWG).
- To implement and continuously review the corporate AM Policy and Strategy with agreed resources.
- To monitor the performance of the management staff in implementing asset management.
- To ensure the community and key stakeholders inputs are integrated into the AM Plan
- To ensure that accurate and reliable information is presented to council for decision-making.

The Strategic Asset Management Working Group (SAMWG) comprises the following representatives:

- Director-Engineering and Infrastructure (Convenor)
- Manager Parks & Assets
- Assets Coordinator

- Manager Active Communities
- Risk & Compliance Coordinator
- Manager Finance
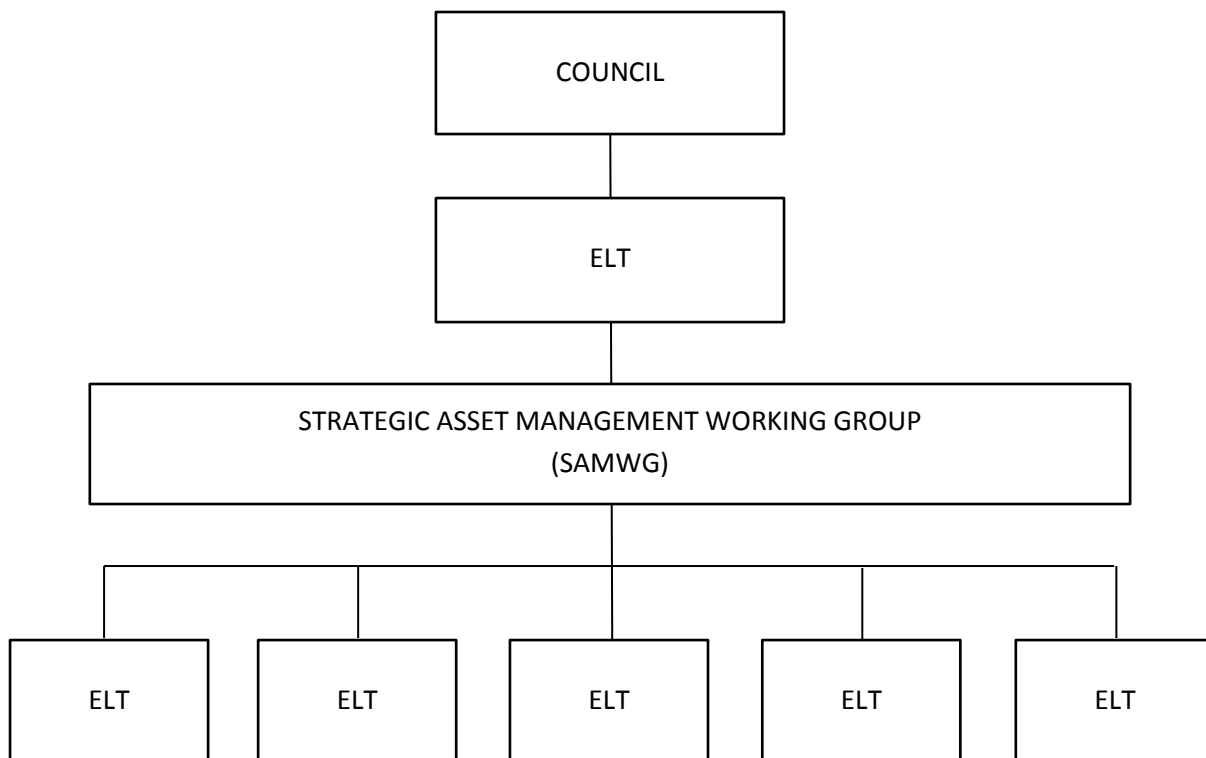- Manager Community Strengthening

Asset Management Working Group(s) (AMWG) (includes representatives from SLT,   and or Operational Staff)

- To develop Asset Management plans documenting required allocation of funding and improvement plans for individual asset groups, using the principles of lifecycle analysis.

- In consultation with the community and key stakeholders establish and deliver asset management "levels of service" to agreed risk and cost standards.

- To develop and implement maintenance, refurbishment and capital works (refurbishment/renewal) programs in accordance with Asset Management plans and report to ELT and Council.

- To develop and implement procedures that ensure the asset registers are maintained and updated and provide required reports to Council to meet their statutory, legal and asset management responsibilities.

- To develop and implement processes and procedures that allows for the "whole of life" and continued management and ownership of assets including all asset life cycle management functions.

- To present information to ELT and Council in terms of Asset Management "lifecycle risks" and costs.

- Promote and raise awareness of asset management to the Council, staff, users and community. (Ongoing as part of AM planning)

- Facilitate the implementation of the adopted Asset management Strategy and report progress to ELT on a quarterly basis.

Each AMWG subgroup includes at least one representative from the SAMWG (usually the Asset Coordinator) together with relevant staff with responsibilities in that area.

Asset Management Working Group Framework

Given the breadth of issues to be considered a framework of cross-functional multi-discipline Asset Management Working Group (AMWG) will need to be established. The framework will consist of a number of subgroups tailored to address issues around specific asset classes sitting under a AMWG which deals with corporate asset management issues and provides coordination and oversight to the sub-groups. The indicative structure is shown below:

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                    ┌──────────────────────┐
                    │       COUNCIL        │
                    └──────────┬───────────┘
                               │
                    ┌──────────┴───────────┐
                    │         ELT          │
                    └──────────┬───────────┘
                               │
        ┌──────────────────────┴────────────────────────┐
        │  STRATEGIC ASSET MANAGEMENT WORKING GROUP      │
        │                  (SAMWG)                       │
        └────────────────────┬───────────────────────────┘
     ┌────────┬──────────┬───┴────┬──────────┬────────┐
  ┌──┴──┐  ┌──┴──┐    ┌──┴──┐   ┌──┴──┐    ┌──┴──┐
  │ ELT │  │ ELT │    │ ELT │   │ ELT │    │ ELT │
  └─────┘  └─────┘    └─────┘   └─────┘    └─────┘
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Asset Management Unit

Council's Assets Unit is responsible for providing asset management support and direction across the organization and for the direct management of the Council's assets data in a systematic and sustainable manner. The Unit provides guidance and team support and training to each AMWG and undertakes financial modeling on the long term financial impacts of maintaining and renewing infrastructure assets.

Whole of Organisation Approach to Asset Management

The importance of this approach is recognised with the following clause being inserted in the position description for all key management roles with asset responsibility: **"*To familiarise one's self with and abide by the councils asset management policies, plans and strategies".***

5.2   Council's Asset Management System

The following systems are used to assist in the managing of Council's assets.

5.2.1 General Systems

Conquest Asset Management Software System

Council has an established corporate asset data management system in Conquest. Council currently have road, building, drainage, bridges and

open space assets recorded in Conquest. The utilisation and data content of this system is under ongoing review.

Geographical Information System (GIS)

Mitchell Shire Council is a park of the Local Government MapInfo Access Program, which facilitates the geo-spatial representation of Council assets. The asset management unit manage the infrastructure layers within this software.

5.2.2 Assets – Processes and Systems

Roads, footpaths, kerb and channel, buildings, bridges and open space assets have been incorporated into Council's asset management system. All Council assets contained in the asset management system have been GIS mapped. These assets are also valued in Conquest.

Other details recorded are traffic counts, pastoral licenses if known, overall condition summary, strategic routes detail, defect inspection history and detail, defects and completed works actions. Response times to defects and actions are automated in the asset management system. KPI's can be implemented, measured and reviewed on the completion of service planning.

Building maintenance inspections are carried out by Building maintenance staff and the resulting data is held within the asset management system for future works programming. Essential service inspections are out sourced and undertaken by external contractors.

5.2.3 Identified Improvements

Ongoing improvements of Asset Register entry into Conquest and undertake inspections and update condition data on a regular scheduled basis.

5.3 Asset Management Plans

5.3.1 Role and Function of the Asset Management Plan

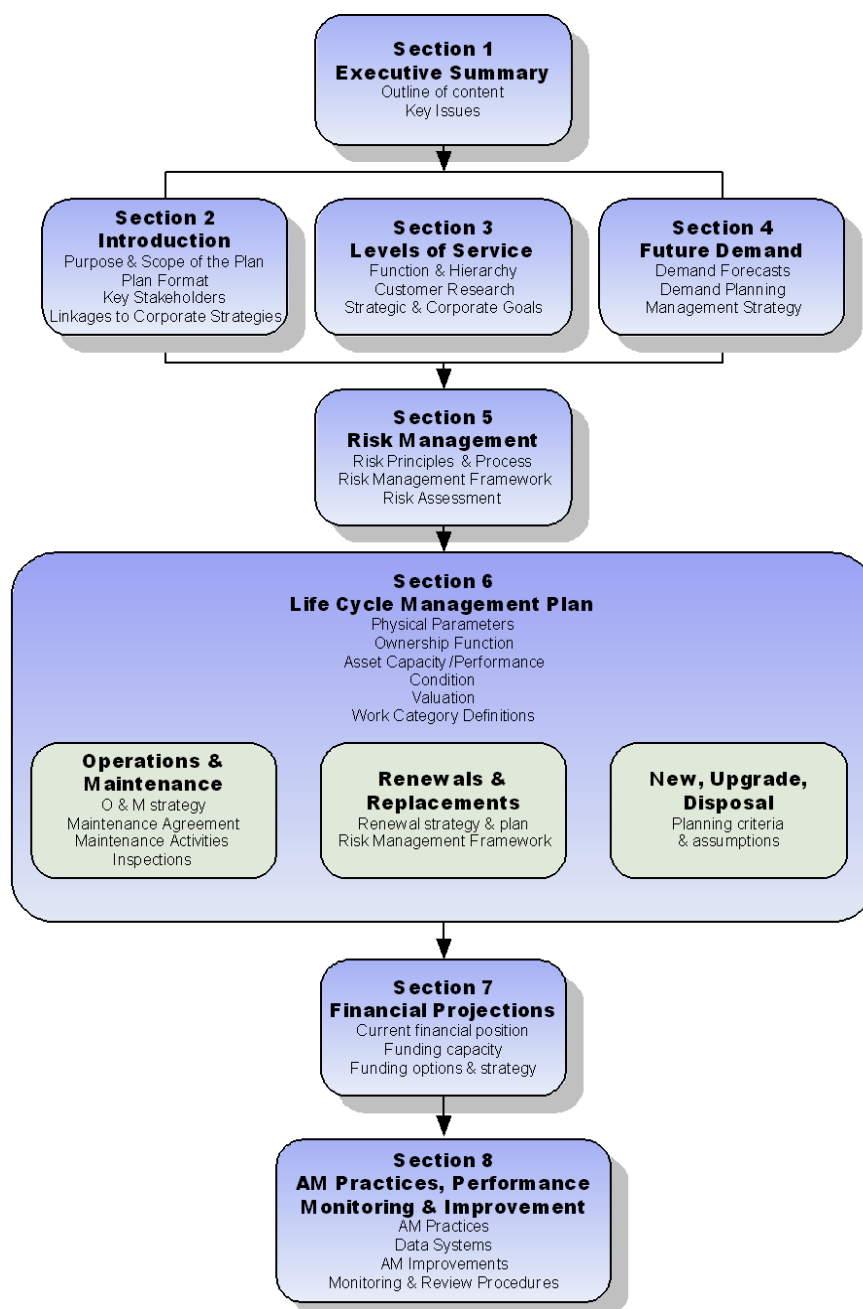The role and function of an Asset Management Plan includes the following:

- Defines levels of service within financial/resource/risk constraints.
- Specifies the capital expenditure for renewing, upgrading or extending assets.
- Presents cash flow forecast for acquisition, operation, maintenance and capital expenditure and for revenue where relevant.
- Justifies the contribution of each asset in terms of value for money for the Council.
- Establishes the targets and measures that will be used for monitoring progress with its implementation.

5.3.2 Sub Plans

The Council in developing a comprehensive Total Asset Management Plan for the municipality will progressively develop and adopt individual asset plans (sub-plans) for nominated assets under the umbrella of the Infrastructure Asset Management Plan Part A (General Information Plan) dealing with issues common to all asset groups. These plans will then be updated and reviewed at least every 4 years in line with Council elections.

The sub-plans will be developed in accordance with the Asset Management Improvement Plan (section 6.1) .

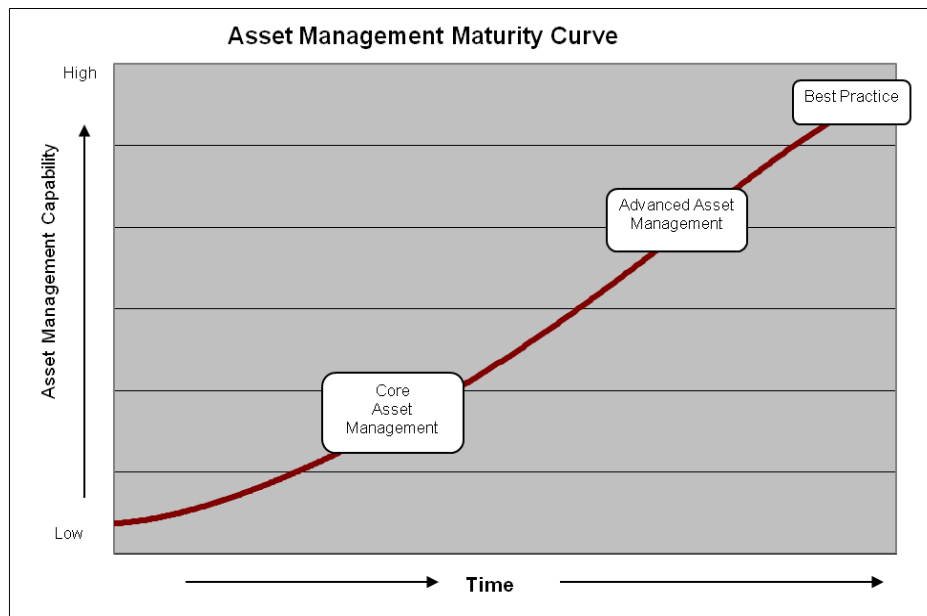### 5.3.3 Master Layout of Asset Management Plan (IIMM)

5.4 Asset Management Improvement Target

Asset management was formally addressed at state level; in 2010 the Federal Government introduced asset management on a national level with funding being prioritised to Councils demonstrating high levels of asset management capacities. The National Asset Management Assessment Framework (NAMAF) was put in place and delivered in Victoria by the MAV, the framework covered:

- Asset Planning and Management
- Financial Planning and Reporting
- Criteria for assessing Financial Sustainability

The NAMAF is a self-assessment tool to be used by all local governments to measure their asset management maturity.

The MAV as part of the Regional Asset Management & Services Program (formerly MAV STEP Program) had set a target for Victorian Councils to achieve 100% Core Asset Management Maturity by December 2012.

Core Asset Maturity can be seen to be only early in the Asset Management capability journey and is therefore a key target for Council.

The NAMAF scores each Council against 10 key elements. Mitchell Shire was assessed for its Core Maturity using the NAMAF in October 2010 with the results shown in the figure 1 chart.

An assessment of the Asset Management improvement opportunities was also undertaken as part of the NAMAF process. These improvement opportunities will assist Council close the gap between the existing scores and the target 100% this is shown in figure 2.
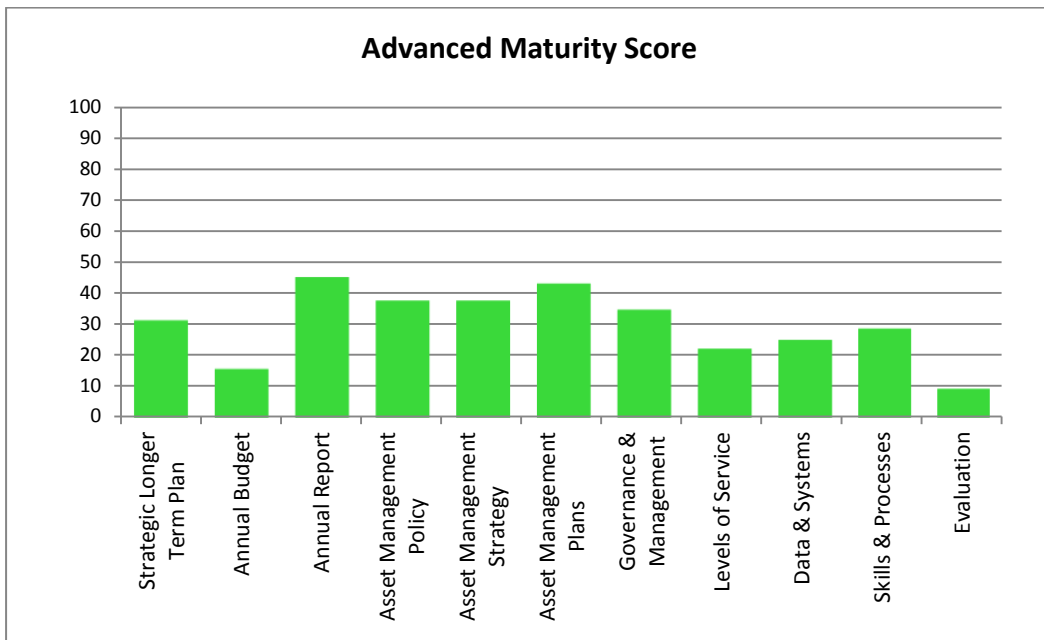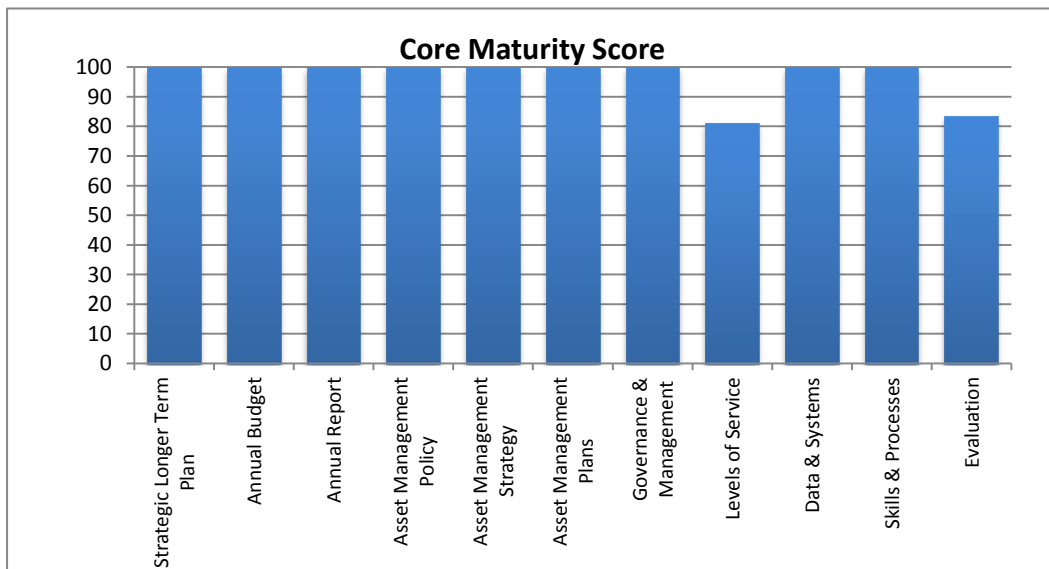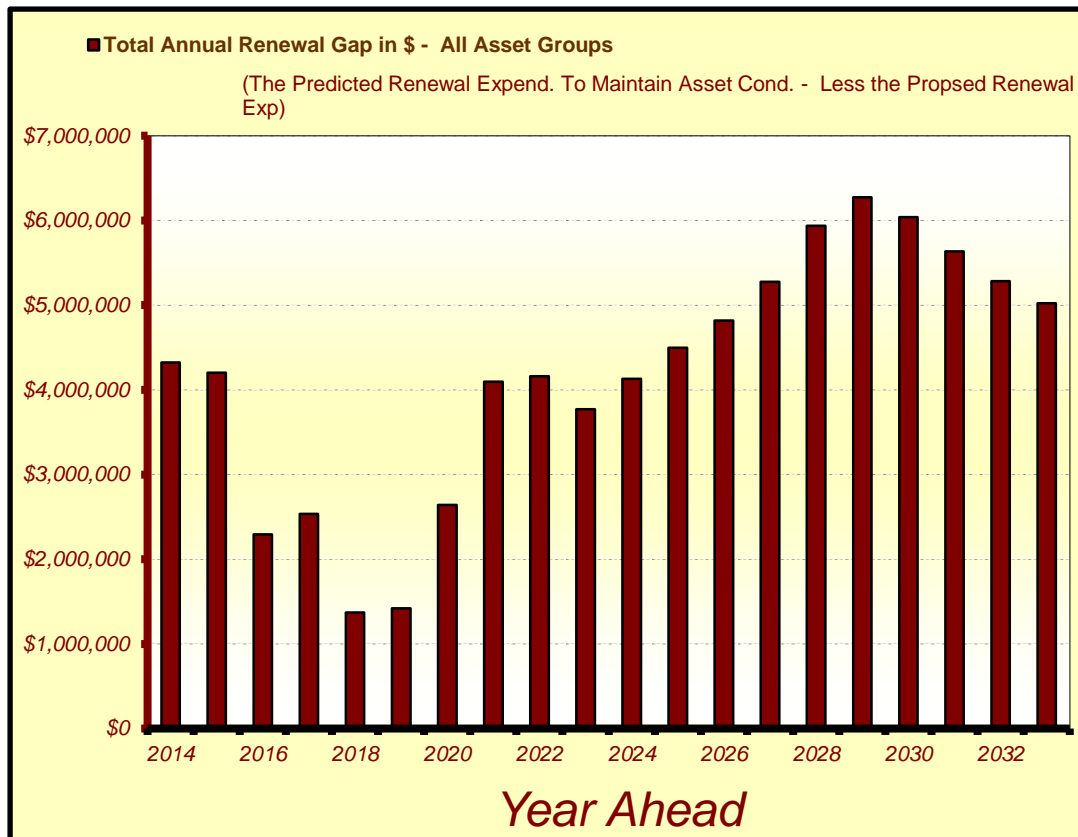
Figure 1 – 2010

Advanced Maturity Score

Figure 2 – 2015

Core Maturity Score

5.5   Asset Management – Infrastructure Funding Gap

As part of the MAV Regional Asset Management and Services Program, Council is required to undertake an analysis of the Infrastructure Funding Gap. The Renewal Gap is the difference between the calculated Infrastructure Renewal Funding demand to maintain the same level of service and the actual renewal funding being applied by Council.

The outcome of this analysis based on Capital renewal expenditure of $4.0 million on infrastructure assets for 2014/15 shows the following.

It is noted that this modelling does not factor in the impact of new capital works and gifted assets such as subdivision roads and drainage on the long term renewal requirements.   As such some of the long term forecasts may understate the actual expenditure requirement.

The modelling is also based on condition data that in some instances is out of date with a resulting lowering of confidence levels of forecasts in some areas.

Assessment of the long term renewal requirement is an ongoing process of refinement.   Up to date condition data will provide a more accurate view as to future expenditure requirements.   Provisions for the ongoing infrastructure condition assessment has now been placed into the Long Term Financial Plan (LTFP).

5.6 Current Assets Management Status Summary

Infrastructure Asset Management Plans have now been put in place for the following asset classes:

- Road Asset Management Plan
- Bridge Asset Management Plan
- Drainage Asset Management Plan
- Parks and Open Spaces Management Plan
- Building Asset Management Plan

It is the aim to update these plans every four years to coincide with Council elections and submit to the new Council for adoption.

Asset Class	Detailed Asset Register	Condition Survey Year	Standards & Level of Service Adopted	Asset Management Plan Year Adopted
1. Roads				
a. Sealed	Yes	Yes (2015)	Yes	Yes (2013)
b. Unsealed	Yes	Yes (2012)	Yes	
c. Footpaths	Yes	Yes (2007/08)	Yes	
d. Kerb and Channel	Yes	Yes (2005)	Yes	
2. Bridges	Yes	Part (2006)	No	Yes (2013)
3. Municipal Buildings	Yes	Yes (2013)	No	Yes (2013)
4. Drainage Systems	50%	No	No	Yes (2012)
5. Parks & Recreation Facilities	Yes	Part see below	Yes	Yes (2012)
a. Playing Surfaces	Yes	Yes (safety focus 2010)	No	No
b. Children's Playgrounds	Yes	Yes (2015)	No	No
6. Waste Disposal Facilities	No	Yes	Yes	Yes (covered by buildings)
7. Plant & Equipment	No	No	No	No

6. Asset Management Strategy Improvement Plan

6.1 Asset Management Strategy Improvement Tasks 2015-2016

An analysis of the intended level of asset management and the current practices and system that Council wishes to achieve has identified actions which need to be implemented to deliver the desired improvement. The actions are listed with the responsible officers and target timeframes.

ACTION	RESPONSIBILITY	INTERNAL EXTERNAL	TARGET DATE
Implementation of the Strategic Asset Management Working Group	Manager Parks & Assets Director Infrastructure	Internal	Jul 2015
Implementation of the Asset Management Working Groups	Strategic AMWG	Internal	Sep 2015
Service Plans are to be generated by service managers	Service Managers	Internal	Jul 2016
Review Infrastructure Asset Management Plan Part A General Information and present to Council for adoption	Manager Parks & Assets in conjunction with Strategic AMWG	Internal	Jul 2016
Develop roles and responsibility matrix for service managers	Strategic AMWG	Internal	Sep 2015
Update asset management system to reflect service/asset ownership	Asset Coordinator	Internal	Nov 2015
Develop a corporate skills matrix of staff with asset management responsibilities. Training needs to be identified and delivered via the corporate training program	Strategic AMWG	Internal	Jul 2015
Service managers to measure and report against service provision as per LGA division 3 'Best Value Principles'	Strategic AMWG	Internal	Dec 2016
Establish and document a process of regular asset management progress reporting to Council and production of a newsletter for staff and community	Strategic AMWG	Internal	Sep 2015

6.2   Asset Management Strategy Implementation and Review

ISSUE	ACTION	FREQUENCY
Reporting	Strategic AMWG to report to SLT on strategy implementation and asset management issues.	Quarterly
	Report to Council on strategy implementation and asset management issues.	Annually (Dec)
Review of Strategy	The Asset Management Strategy is to be reviewed every two years.	Next review Aug 2017