



ASSET MANAGEMENT POLICY



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

Adopted by	Napier City Council on 21 September 2023
Relevant Legislation	Local Government Act 2002, Building Act 2004, Resource Management Act 1991, Health Act 1956, Civil Defence Emergency Management Act 2002, Land Transport Management Act 2003, Water Services Act 2021
NCC Documents referenced	Asset Management Strategy
	Asset Management Plans
	NCC Long-term Plan
	LTP Infrastructure Strategy
	Financial Strategy
	Napier Disability Strategy
	Risk Management Strategy
	Procurement Strategy
	Information Systems Strategy
	ISO 55000:2014, ISO 55001:2014, IIMM

Strategic Context

“Providing infrastructure and physical assets that supports and enhances the quality of life in our city”.

Infrastructure and physical assets underpin our standard of living and so the Asset Management Policy supports Napier City Council’s community outcomes and the four well-beings as set out in the Local Government Act 2002.

1. Social
2. Economic
3. Environmental
4. Cultural

Purpose

The objective of asset management is:

To meet specified levels of service which are set out in the Activity Management Plans, in the most cost-effective manner, through the management of assets for present and future communities.

The purpose of this policy is to define the 1. Principles, 2. Objectives, and 3. Responsibilities for implementing Asset Management across Council. Doing so recognises the value that good Asset Management practice provides as a critical planning, financial and risk management tool.

Scope of Application

The scope of this Asset Management Policy covers all activities that rely heavily on assets to deliver service levels AND, upon the functions that have a large influence on the cost and quality of service output.

Scope of Activities

The Policy incorporates all Council activities that own or operate assets to deliver Council's levels of service. Specifically, this includes:

- Transportation
- Water Supply
- Wastewater
- Stormwater
- Parks, Reserves and Sportsgrounds
- Buildings and Facilities
- Solid Waste
- Libraries, Cemeteries and Public Amenities

Scope of Functions

The Policy also applies to all aspects and functions of the asset lifecycle with each activity, as they apply to Council. These functions include:

Asset Planning: Confirming the service required by the customer and ensuring that the most effective solution is found to meet that need, such as an asset-based solution, demand management, or a combination of the two.

Asset Creation/Acquisition: Design, whole-of-life cost analysis, construction, procurement, and/or improvement of an asset to deliver the customer's level of service, where the outlay can reasonably be expected to provide benefits beyond the year of outlay.

Asset Operations and Maintenance: Day-to-day running and upkeep of assets to deliver the customer's level of service.

Monitoring Asset Condition/Performance: Monitoring the ability of the asset to meet customer levels of service. This information drives future programs.

Asset Renewal/Replacement: Upgrading or replacement of an asset or asset component to maintain customer levels of service.

Asset Disposal/Rationalisation: Establishing when an asset becomes less economical than other methods of delivering the customer's levels of service.

Financial Management: Recognising all lifecycle costs associated with asset ownership to support cost-effective decision-making.

Risk Management: Identifying, quantifying, and mitigating asset and service level risks.

This policy excludes Council-owned office furniture, IT equipment, vehicles, mobile plant and equipment, the assets of Council-owned companies or external contractors.

Principles

The following principles guide the asset management system and decision-making:

- Align asset management decisions with organisational strategy and goals.
- Incorporate the entire lifecycle of assets, from planning to disposal, in decision-making.
- Prioritize health, safety and environment in the workplace.
- Ensure transparency and accountability in decision-making through clear reporting and communication.
- Maintain consistency across all aspects of the business in the asset management strategy and practices.
- Develop a professional skillset for better asset management.
- Consult effectively to determine appropriate service and cost levels.
- Make decisions with a long-term, risk-conscious and inter-generational approach.
- Implement efficient and effective service delivery models.
- Incorporate climate resilience considerations in the decision-making process.
- Continuously evaluate and improve the asset management system to enhance performance and efficiency.

Objectives

The objectives of the Asset Management practice are to:

1. Ensure service delivery is optimised to deliver agreed community outcomes and levels of service for residents, visitors and the environment;
2. Prioritise health and safety by ensuring that all assets are being maintained and operated in a safe and reliable manner.
3. Optimise expenditure over the life cycle of the assets;
4. Ensure risks are managed appropriately;
5. Ensure emergency preparedness by ensuring that all assets can support the community during emergency situations.
6. Recognise and preserve cultural assets and traditions, enhance cultural well-being and identity, and promote cultural engagement and inclusion.
7. Build trust and confidence to (with) the community and stakeholders that value for money is being provided and
8. Support continuous improvement in the asset management system.

To achieve this, Asset Management must be well integrated into Council's strategic, tactical and operational planning frameworks, including corporate, financial, and business planning.

Communication channels and reporting mechanisms

To ensure effective communication and reporting related to Napier City Council's asset management policy, the following communication channels and reporting mechanisms will be used:

1. Regular internal meetings and communications through intranet and internal messaging systems to discuss the asset management policy and any related issues or concerns.
2. Incident reporting process for assets incidents and an investigation and follow-up process.
3. Regular audits and reviews of the asset management system to ensure effectiveness and identify opportunities for improvement.
4. The Sustainable Napier Committee acts as the primary channel for governance and oversight regarding asset management matters. The specifics of reporting structures and decision-making processes are detailed in its terms of reference.

Responsibility for Policy Implementation

This policy applies to Council, all directorates, employees, and contractors.

Council

The Council is responsible for adopting the Policy and providing high-level oversight of the organisation's asset management strategy and plans.

- Set Asset Management Policy and vision.
- Act as stewards for its assets on behalf of the community and its customers.
- Adopt the Asset Management Policy, support the Asset Management Strategy and monitor their outcomes.
- Approve allocation of necessary funding to support appropriate asset management processes.

Chief Executive

The Chief Executive Officer has overall responsibility for delivering the objectives of this policy. The means of delivery will be via a fully costed and prioritised set of improvement items contained within the Asset Management Strategy.

- Ensure alignment of the Asset Management Policy with the overall strategic goals.
- Provide leadership and direction for the implementation of the Asset Management Policy across all departments and operations.
- Oversee the performance of the Asset Management System, including monitoring key performance indicators.
- Communicate the Asset Management Policy to stakeholders and ensure a mechanism for feedback.
- Ensure that the Asset Management System is continuously improved through regular reviews, audits, and evaluations.

Employees/Officers

Employees play an important role in ensuring that Napier City Council's assets are being managed effectively, and that they are safe, reliable, and available to support the city's operations and services:

- Follow the principles outlined in the Asset Management Policy in order to effectively and efficiently manage assets.
- Be knowledgeable about the specific assets that they are responsible for, including their location, condition, and history.
- Participate in regular inspections, testing, and maintenance of assets in order to ensure that they are in good working order and safe to use.
- Participate in regular training and professional development in order to stay up-to-date with the latest best practices in asset management.
- Communicate and cooperate with other departments and contractors involved in the asset management process to ensure that assets are managed effectively and efficiently.
- Be aware of and comply with the relevant laws, regulations, policies and procedures related to their specific responsibilities.

Contractors

- Adhere to the guidelines and procedures outlined by Napier City Council to manage assets effectively.
- Ensure the cultural and climate considerations are adhered to in all asset management operations.
- Keep accurate records of the status and condition of assets, including maintenance and repair history.
- Report any issues or problems with assets to the relevant department.
- Cooperate and communicate with other contractors and Napier City Council departments involved in the asset management process.

The Asset Management Strategy shall be developed and adopted with each review of the Policy at least 3-yearly and progress will be reported on at least annually. The Policy will be implemented in the first instance via the Asset Management Strategy.

The Asset Management Strategy will contain:

1. The **Asset Management objectives** and how they benefit the organisation. These benefits must be tangible, targeted, measurable and achievable. Progress towards these benefits will be reported back to the Council to monitor delivery.
2. Identification of the current level of **Asset Management practice**, the risks they present to delivery and the options available to the organisation. The options will include costs, risks and benefits of each. The preferred plan to close the 'gap' must be achievable (fully resourced with realistic timeframes with procurement plans where needed).
3. Define the **Asset Management system and processes** required to undertake good Asset Management practice, the structure and timing of key deliverables, Long-Term Plans, Infrastructure Strategy and particularly the Asset Management Plans.
4. Assign a **dedicated leader and team responsible** for the delivery of the Asset Management Strategy and provide adequate delegations and resources to do so.

5. Successful implementation relies on strong support from the enabling functions of finance, information & communications technology, communications and engagement, marketing, people and capability and professional development. The Asset Management Strategy must define how this will occur.

Definitions

Activity: the work the organisation does to deliver a service. Activity management (plan) is sometimes used interchangeably with asset management (plan).

Asset Management: The application of various management, financial, economic, engineering, and other techniques to effectively manage physical assets with the goal of providing the necessary level of service in the most cost-effective way.

Asset Management System: The business framework and tools created to effectively manage and track physical and tangible assets over their entire lifecycle in order to deliver agreed upon service levels.

Asset Management Plan: A plan developed for the management of one or more infrastructure assets over the life cycle of the asset. The most critical input into Council's long-term plan.

Asset Whole Lifecycle: The entire period of time that an asset is in use, including all stages from the planning and design phase, through acquisition, operation, maintenance, and ultimately disposal.

Asset Incident: any unplanned event or occurrence that affects the availability, performance, or integrity of an asset.

Council: a group of people who are elected to make decisions for a community.

Level of Service: the description of the service output for a particular activity or service area against which performance may be measured.

Review Date

The next full review of this Asset Management Policy shall be completed by June 2024 to ensure it stays relevant and aligned with the organisational strategy and goals. It will also be based on learnings from the 2024 LTP process and will target the 2027-37 LTP.

Document History

Version	Reviewer	Change Detail	Date
1	Project & Design Manager	Policy Development	June 2016
2	Director Corporate Services	Full policy review	Sept 2023



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