

ARF004 Asset Management Risk

Risk Status Progress Report for September 2020

Description of risk and impact

Full Asset Life Cycle Asset Management requires a “system thinking” integrated approach (enterprise asset management) to optimise the whole life cycle of our assets. This ensures fit for purpose, cost effective assets are designed, constructed, maintained and disposed of in a sustainable manner, to the benefit of our communities, ensuring kaitiakitanga and enduring resilience.

Existing Treatments

The inherent risk profile has not changed due to delays in the implementation of the proposed treatments.

Programme Darwin, an asset management improvement programme with dedicated resourcing, has been developed and provides a mechanism to deliver the treatments outlined below:

Issue identified in June 2019	Treatment to date	Further planned treatment
No current Asset Management Information System (resulting in piecemeal asset information, including number of assets).	An Asset Management Information System, INFOR, has been chosen and a statement of works signed. Although delayed the implementation of the system is underway, with the demo system to be operational by October 2020.	Integration with FNDC’s other systems has been delayed by three months and will now occur after December 2020
Incomplete condition assessment information.	\$250k to undertake asset condition assessments was approved by Council 3 October 2019. Completion of this scope of work (primarily CCTV footage) is re-scheduled for November 2020.	An additional \$1m was approved through the AP for FY20/21 to continue with the asset condition programme. This is a 10-year programme with a current cost implication of \$9m associated with it. The additional \$8m funding required for the next 9 years is being sought through the Long-Term (LTP) for FY21/31.
Informal Asset Management Plans (AMPs).	AMPs are intrinsically linked to Council’s 30-year Infrastructure Strategy and the Long Term Plans. Asset Management’s consolidated AMP is underway and due to be completed in-line with the LTP deadline, November 2020.	The current AMPs (3 x 3 Waters and 14 x District Facility AMPs) will be replaced with a single Living Asset Management Plan, a user-friendly, online and easy to navigate document using real-time data (linked to INFOR).

Issue identified in June 2019	Treatment to date	Further planned treatment
		Timeframe for this is likely June 2021.
Under resourced in asset management and project scoping / business casing, resulting in poor forecasting, business casing, project planning for critical assets.	<p>Additional FTE recruited –</p> <ul style="list-style-type: none"> • Business Case Specialist commenced July 2020 • Asset Manager – District Facilities commenced February 2020. <p>A fixed term asset data position has also been made permanent.</p> <p>The dedicated programme to improve asset management (Programme Darwin) has 3 dedicated FTE –</p> <ul style="list-style-type: none"> • Programme Manager • Project Manager (INFOR) • Business Analyst. 	A review of individual development plans (investing in the competence of staff) for the Asset Management team is planned.
A financial model based on a depreciation schedule, reporting on total value of spend. The current renewals programme is typically based on age rather than condition.	The proposed condition assessment programme will allow a condition-based renewals programme.	
Affordability challenges with increasing maintenance costs.	Significant Asset Planning since March 2020 is being undertaken by the Asset Managers. This primarily forms part of the LTP process, however, by planning in this way will ensure all of life-cycle for Council's assets are addressed.	
Lack of integrated performance and reliability data from operations	Integration of operational performance and reliability data from operations will be developed. This will enable optimized investment decisions for renewals noting the relationship between cost, level of service and risk.	The relationship between our 3 Waters Alliance partner Far North Waters (FNW) requires improvement. A plan of action is being developed to address this by the Programme Darwin Manager.
<p>Operating run to failure of assets rather than programmed maintenance based on:</p> <ul style="list-style-type: none"> • Asset class • Failure mode • Life cycle cost modelling 	Significant Asset Planning since March 2020 is being undertaken by the Asset Managers. This primarily forms part of the LTP process however, by planning in this way will ensure all of lifecycle.	

Issue identified in June 2019	Treatment to date	Further planned treatment
<ul style="list-style-type: none"> Predictive, preventative, risk-based maintenance 		
The lack of integration of asset growth impacts when considering asset renewal (we need to operate in a “systems” approach).	An enterprise asset management philosophy was adopted, January 2020.	Work to embed this includes defining the roles and responsibilities across Council in relation to asset management. A plan is being developed by the Programme Darwin Manager.
Lack of a robust project management framework covering: <ul style="list-style-type: none"> Long term plan Project Concept Project Initiation Project planning and design Delivery and monitoring Handover and closeout 	A Project Management Framework has been adopted, predominately being used in Project Delivery.	Embedding of the framework across teams.

Where are the gaps? / what more could we be doing?

- Planning, analysis and data analysis to enable data-driven decision-making (particularly providing advice in relation to Levels of Service, robust options analysis and rating impact trajectories). This will improve with the implementation of the new Asset Management System (AMS) – INFOR.
- Better articulating the link between strategic planning to operationalisation of those, and the process for how we consider and integrate these.
- Capturing our data better – equipment criticality, feeding this into decommissioning plans and the asset lifecycle.
- Consultation - Our open and transparent policy for consultation with all stakeholder particularly Iwi, impacts the time it takes to renew consents and implement projects. This risk needs to be reflected in all project timelines particularly within our LTP commitments. In the past this time and resource commitment has been significantly underestimated.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	—		Responsible:	GM IAMs	Date accepted:	30/05/19	Six monthly