

ARF004 Asset Management Risk

Risk Status Progress Report for March 2021

Prepared: 19/02/21

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 IPS by INFOR, has been chosen and a statement of works signed. A development IPS environment has been implemented where data migration, systems integrations and financial asset management configuration is underway in preparation for system go live.	System go live is scheduled for December 2021 followed by phase 2 which is about optimizing and automating business processes. Dynamic reporting of assets will also be configured after the system go live.
Incomplete condition assessment information.	<p>\$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 February to June 2021.</p> <p>A procurement plan for \$990k for 3Waters condition assessment will be submitted, 22 February 2021, to the Procurement Board Tender Panel for approval. This is for funding approved through the AP for FY20/21.</p>	\$1m, to continue the asset condition programme, was approved in the 20/21AP. This is a 10-year programme with a current cost implication of \$9m. 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 ‘draft’ consolidated AMP is complete (for audit purposes ONLY) which is required for the LTP	The current 17 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

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	<p>deliberations and consultation document. The 'draft' document will only be finalized once LTP consultation has been conducted and the LTP is signed-off at the end of June 2021.</p>	<p>easy to navigate document using real-time data (linked to INFOR). Timeframe for a 'demo' of this is likely September 2021.</p>
<p>Under resourced in asset management and project scoping / business casing, resulting in poor forecasting, business casing, project planning for critical assets.</p>	<p>Additional FTE recruited –</p> <ul style="list-style-type: none"> • Business Case Specialist commenced November 2020 • Asset Manager – District Facilities replacement commenced February 2021 replacing the previous manager who left November 2020. It will take between 6-12 months for the new person to embed themselves. • Asset Investment Portfolio Manager has been secured to work across not only asset management but to incorporate other departments within Council i.e. SPP, Corporate Services and the like to ensure that sound capital investment across all projects is being made. The role will commence in the team on 1 July 2021. <p>A fixed term asset data position has also been made permanent.</p> <p>The dedicated programme to improve asset management (Programme Darwin) has three dedicated FTE –</p> <ul style="list-style-type: none"> • Programme Manager • Project Manager (INFOR) • Business Analyst. 	<p>A review of individual development plans (investing in the competence of staff) for the Asset Management team is planned.</p>
<p>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.</p>	<p>The proposed condition assessment programme will allow a condition-based renewals programme.</p>	
<p>Affordability challenges with increasing maintenance costs.</p>	<p>Significant Asset Planning since March 2020 has been undertaken by the Asset Managers. This primarily forms part of the LTP process,</p>	

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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.	Work on the relationship (relating to the data and information interface) has seen initial workshops with FNW and Rec Services focused on refreshing on the Program Darwin objectives and their stakeholder role(s).
Operating run to failure of assets rather than programmed maintenance based on: <ul style="list-style-type: none"> Asset class Failure mode Life cycle cost modelling Predictive, preventative, risk-based maintenance 	Significant Asset Planning since March 2020 has been 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.	
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.	The transformation program framework, which includes looking at roles and responsibilities across the assets team in relation to the EAMs, has been agreed and is in the initial implementation phase.
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:
	Stable		Responsible:	GM IAM	Date accepted:	30/05/19	Six monthly