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**REPORT 1B**  
*(1215/52/IM)*

## **FUNDING AND ACTIVITY REVIEW WORKING PARTY REPORT BACK: ASSET MANAGEMENT PLANS**

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### **1. Purpose of Report**

To report back to the Strategy and Policy Committee on the Asset Management Plans that were presented to the Funding and Activity Review Working Party.

### **2. Recommendations**

It is recommended that the Committee:

1. *Receive the information.*
2. *Note that the Funding and Activity Review Working Party have examined and accepted levels of service in all the Asset Management Plans.*
3. *Note that the financial implications of these plans have been used as the basis for the Draft Annual Plan processes undertaken by Council for 2007/08.*
4. *Approve the current levels of service in the Asset Management Plans.*

### **3. Background**

Asset Management Plans (AMPs) describe the levels of service and work required by the Council for the sustainable long term management of assets. AMPs are reviewed and updated on an annual basis to reflect the strategic decisions and priorities set by the Council.

The Working Party has examined and accepted levels of service in all the Asset Management Plans.

A decision by the Committee to confirm the Levels of Service:

- demonstrates that the Council will maintain the long term service capacity and integrity of its assets
- demonstrates that the draft Annual Plan is consistent with the Long Term Council Community Plan
- provides public accountability sought by the Council's Auditors

Officers presented all AMPs to the Working Party on 2<sup>nd</sup> February for it to examine levels of service in detail. On 28<sup>th</sup> February the external reviewer (see 4.1 below) presented his report on reviewing the following asset management plans to the Working Party:

- Botanic Gardens
- Cemeteries
- Coastal Assets
- Sportsfields
- Sculptures and Monuments
- City Housing
- Wellington Convention Centre
- Wellington Zoo
- Parks and Gardens Open Spaces

A full set of all the AMPs has been placed in the councillors' lounge.

## **4. Discussion**

### **4.1 External Review**

The Council engaged MWH New Zealand Ltd to conduct an external peer review of all the AMPs over three years. The first year of the review focused on 'big ticket' infrastructure assets. The second year of the review examined seven AMPs, mostly in the property area. 2006/07 is the final year of the review, which covered the assets listed above.

The objectives of the review were to:

- ascertain there is strategic alignment between asset information and the related Council activity
- ascertain the status of asset management planning in regard to asset data, levels of service, demand forecasting and risk management
- ascertain whether the asset management lifecycle strategies and drivers support the financial forecast in the AMPs
- provide suggestions for improving asset management planning.

### **4.2 Review Findings**

The latest phase of the review found that all plans met or exceeded core asset management as defined by the National Asset Management Steering Group. The property plans were found to be of very good quality, while the level of detail in the parks plans exceeded that of other councils.

The three year review showed that financial forecasts do not exceed requirements for the sustainable management of the assets in terms of underlying strategies and service levels. The review has also identified aspects to be worked on that will improve the AMPs, for example Demand management

and distinguishing growth related capital expenditure from levels of service expenditure.

## **5. Conclusion**

Asset Management Plans are an important component for preparing the draft Annual Plan and draft Long Term Council Community Plan. Levels of service and lifecycle strategies determine the Council's funding needs. The Working Party is satisfied that the AMPs, as presented by the officers, are suitable for maintaining levels of service and developing the draft Annual Plan 2007/08.

Contact: *Cr Shaw, Chair Funding and Activity Review Working Party*

## **Supporting Information**

**1) Strategic Fit / Strategic Outcome**

*Asset Management Plans are linked to Council's strategies. Portfolio leaders were briefed on the AMPs in their respective portfolios.*

**2) LTCCP/Annual Plan reference and long term financial impact**

*The report acknowledges the relationship between AMPs, levels of service and the LTCCP.*

**3) Treaty of Waitangi considerations**

*Not applicable.*

**4) Decision-Making**

*This is not a significant decision. The report recommends the status quo; - that is to continue to with current levels of service. The SPC's terms of reference authorise it to approve Asset Management Plans.*

**5) Consultation**

*Consultation is undertaken in the draft Annual Plan 2007-08.*

**6) Legal Implications**

*Not applicable.*

**7) Consistency with existing policy**

*Maintenance of current levels of service are consistent with existing policy.*