

5. COMMUNITY FACILITIES – ASSET MANAGEMENT PLAN, 2004

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The purpose of this report is to present to the Committee and recommend for adoption by the Council of the first completed Asset Management Plan (AMP) for the Council's Community Facilities portfolio (formerly known as the Commercial portfolio).

CONTENT OF REPORT AND FACILITIES AFFECTED

In response to the very diverse nature of the portfolio and services delivered from it we have broken the portfolio into a series of sub-portfolios based on commonality of management, use or nature. These sub-portfolios are detailed below together with the number of significant buildings in that sub-portfolio:

• Service Centres (6) and Offices (Civic, Annex, Glassons & Lichfield Street)	9
• Council and Voluntary Libraries	24
• Community Centres and Halls (owned)	42
• Amenities (toilets)	13
• Parking	9
• Crèches	13
• Transfer Stations	3
• Restricted Assets (mostly heritage)	23
• Commercial/Miscellaneous/Depots	11

This group of properties currently sit within the Facility Assets Unit's budget responsibility and a rental, assessed by independent valuers, is charged to Council business units or other user groups. Any net proceeds are returned to the Council and go towards offsetting other Council overhead costs.

A range of other community facilities and properties are owned and managed by the Council, for example stadia, pools, buildings on park land, and buildings occupied or owned by Council business units such as the Art Gallery, Waste and Water and City Streets. Work has commenced on the assignment of asset management responsibilities to the Facility Assets Unit, as part of a corporate move towards consistent management practices, compliance with the Long Term Council Community Plan requirements and a "Shared Service" model, adopted by senior management in May 2004. This process is at a relatively early stage and while some work has gone into establishing sub-portfolio AMP documents for these groups of assets the roles of respective parties have not been finalised and further work is required. It is important to note that the achievement of the Council's corporate objectives tends to rely on a cumulative effect of these services, and the assets that support them, being well co-ordinated and complementary. This aligns with the Council's move towards the "one organisation" philosophy, within its organisational vision.

The current AMP is the culmination of an extensive review of the Council's Community Facilities portfolio, documenting the history of the portfolio, relevant changes that have occurred in recent times affecting the current property mix, the likelihood of change as a result of the review of the Council's vision, corporate structure and service delivery modes and other key issues associated with the age of the facilities and the effect of functional obsolescence. Key contributors or participants in formulating this AMP have been Council business unit staff and other groups occupying facilities, City Care Ltd and the Property Asset Management Team.

As a first AMP for Community Facilities it has a dual purpose. It is a valuable reference point to summarise the origins of the Council's Community Facilities portfolio, what the portfolio and service (delivered from or by the properties) comprise, the existing policy base on which services conducted by Council staff and other user groups operate, existing stakeholders and their roles, existing levels of service and financial performance to date. Secondly, it is a summary of a strategic planning process by which the points mentioned above are challenged, ratified, modified or rejected in light of future projections and changes driven by time, needs and external factors, such as Government policy.

LEVELS OF SERVICE

A pivotal task in developing this current Asset Management Plan has been the clear identification, documentation and review of existing levels of service. Most of these have evolved over many years in response to user group needs without having been defined, costed and delivered on a portfolio wide basis. As a result there is significant variance between activity groups, wards and on a site by site basis. From a ratepayer or the end customer perspective there is just one service and one service provider, the Council. In the same way property, as a component, needs to be viewed as part of a “whole” service delivery chain and not considered in isolation to the activity. Levels of service can and should be expressed in three aligned but distinct groupings – holistic, property specific and customer service.

The most common perceived level of service is “customer” service” – the personal interface with the end user of a facility or service. This relates to the Council business unit delivering or administering the site activity. It also relates to the interface between Asset Management staff, their designated contractors and both the activity provider and the public visiting the site. Asset Management and their contractors’ customer service is referenced in the AMP.

The “property specific” levels of service relate to standards of accommodation, relative to both design and the condition of the assets. These have been the focus of attention for this first AMP. On a generic basis 27 specific levels of service have been documented in terms of identifying the purpose or objective of the individual level of service, the means by which performance will be measured, current and desired performance and improvement plan tasks required to meet the desired standards. These levels of service may in the future be split to a lower level of detail or specific levels of service expanded or added.

Finally, the “holistic’ level of service looks at the activity (and supporting property required) in terms of its quality, quantity, reliability, availability, capacity, cost and affordability - on a city wide basis. In most cases the Council is only one of a number of providers to the community. In compliance with the Local Government Act 2002 it (the Council) needs to be cognisant of the impact it has on other parties, of varying or maintaining its provision of services. Further to this, the Council has a fiduciary responsibility, and a stated policy objective, to contribute to the achievement of Community Outcomes in the most effective and efficient manner possible for the benefit of the community as a whole, both current and future generations. The Council should be able to clearly demonstrate that they are an appropriate and effective party to deliver specific services or activities and outcomes. Where this is not the case the Council’s role may more appropriately be to support other agencies in achieving these outcomes. The ability to respond to these very challenging requirements varies considerably and by their very nature requires a shared service or partnership approach between the relevant Council business unit and the Asset Management team. The ability to appropriately respond to these issues is also an indicator of advanced asset management and this first AMP falls short of that standard.

The AMP is what could be described as a “basic” Asset Management Plan in many respects. While it has applied a mix of qualitative, quantitative and sophisticated risk assessment analysis of lifecycle costs, extending out over 50 years life of the assets, it does not adequately address the demand side of the AMP equation. As mentioned above this is incumbent on a partnering relationship with Council business units in mapping out short, medium and long term strategies to achieve the Community Outcomes for which they have taken some degree of responsibility to achieve – and the activity/service delivery modes chosen. Asset management has application to all three time frames but advanced asset management is focused on the longer term service delivery and optimisation i.e. beyond the 10 year time line that most existing Council strategies work to. The definition of long term can best be related to the average life of the assets being managed and in regard to most of the facilities included within this AMP we have targeted 50 years as a reasonable economic life.

In broad terms the condition assessment results, relating to all but the heritage properties, show the portfolio as a whole to be reasonably well maintained, but with some inconsistencies. These are currently being addressed. Heritage properties have unique qualities that are difficult to incorporate within standard condition assessment methodology. Most of our heritage properties have had Conservation Plans prepared within the last 1 to 2 years and dedicated works programmes are now starting to be devised and implemented for these unique properties.

Renewal forecasts, to maintain the status quo, show a rising deficit in our capital renewal budget, over the next 5 to 10 years. While this represents a commitment on the part of the Council, to maintain its portfolio capability, our recommendation is to resolve the strategic needs of the Council prior to committing significant funds to renewing assets that may no longer be needed or that may in fact be functionally obsolete. The cost benefit analysis and prioritisation between maintaining existing capacity and providing for capital enhancements and new assets has not been completed. We are not, at this point, recommending any change in capital budgets relative to renewals. It is likely, however, that as the improvement plan tasks are actioned future budget needs or prioritisation will need to be addressed, with a probable increase in funding requirements. Conversely there is a need to continually reflect on levels of service and ensure that they meet the changing needs of the community with resulting cost or saving outcomes.

It is important to recognise that this AMP forms a base document from which ongoing improvements can and will be made to the portfolio, to enhance the delivery of various services by Council or achieve stated Community Outcomes. These improvements are also required to achieve compliance with Audit NZ and The Local Government Act 2002, in the run up to the second full LTCCP – scheduled for June 2006. As such this AMP should not be viewed as an end, in itself, but more of a beginning. The Improvement Plan section of the plan includes performance measures and monitoring of existing, documented levels of service. More importantly, for this plan, it also outlines the improvement program, timeframes and assigned responsibility. In some instances budget allocation for these tasks may need to be reviewed.

SUMMARY

This first AMP reflects the history and current state of the Community Facilities portfolio, the stakeholders and roles of respective parties, the condition of the built assets and renewal requirements for sub-elements, customer service and property specific levels of service currently applied and improvements required in order to deliver these to a consistently high standard. An expanded summary of this AMP is provided in Appendix 1 Community Facilities AMP - Executive Summary.

This AMP is clearly identified as a “basic” plan in terms of best practice and Audit NZ’s requirements. In view of these limitations this report, and the AMP itself, does not require Councillors at this time to sign off on specific building works or tasks. It does identify the Council’s need to move to an “advanced” level of asset management planning over the course of the next 12 to 24 months. This will require the Property Asset Management Team and Council business units to progress the “shared service” model and to focus on long term needs and the development of rationale and well researched strategic plans.

As this Improvement Plan work progresses Councillors will be engaged in a number of governance decisions about the future direction that the Council intends to commit to and prioritisation of these within financial constraints. This in turn will impact on the property portfolio and property specific levels of service required to support a range of activities required to achieve these strategic plans.

In adopting this AMP the Council is giving political support to the development of these strategic plans and the progress towards advanced asset management planning.

Staff

Recommendation: That the Community Facilities Asset Management Plan be adopted by the Council.

Chairman’s

Recommendation: That the above recommendation be adopted.