

Draft Long Term Plan 2021-31

Activity Plan

Asset Management

(Internal Activity)

Adopted 4 March 2021

Approvals

Role	Position	Name	For Draft LTP	
			Signature	Date of sign-off
General Manager	GM City Services (acting)	Gallagher Carolyn		04/02/2021
Finance Business Partner	Finance Business Partner	Peter Langbein		12/02/2021
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Authors and Advisors to this Activity Plan

Group	Business Unit	Position	Name

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1. What does this activity deliver?

The Asset Management Unit (AMU) delivers asset management maturity improvements across the organisation on behalf of the infrastructure owning business units e.g. Transport, Three Waters & Waste, Parks, Facilities, and IT. Through this work, the AMU builds the foundation for informed asset decisions in collaboration with the business units responsible for managing the assets.

The AMU team comprises experts in strategic asset management, systems and data, business analysis, process, quality assurance, and project management. Together, the team provides a 'wrap-a-round service' to our customers, delivering a programme that improves our organisation's asset management maturity. Improving Council's asset management maturity is a key focus for Audit New Zealand, NZTA, the Auditor General and the Infrastructure Commission.

Examples of outcomes delivered include but are not limited to:

- Three Asset Management Maturity Assessment Reports (2016, 2018, 2020) that identified quantitative and qualitative improvements
- Organisation wide Maturity improvement since 2016 – 2020 (nine points)
- Development of an 'Asset Intervention' tool for our water supply network to balance multiple criteria, e.g., condition, vulnerability, and criticality, which feeds directly into the AP and 2021 LTP to inform investment decisions. This tool optimises renewal planning on \$10.1B worth of assets.
- Tools delivered for Transport, providing insight into contractor performance so that Council has the ability to withhold payments based on performance. To date over \$343k has been withheld saving Council money. More recently this incentive has seen contractor performance improve as contractor achieves required service levels and therefore the retention of payments has reduced. The tools are successfully improving outcomes for the community.
- CCTV end to end solution delivered and forecast to save \$350K of Operating Expenditure over the next 5 years.
- Three Waters Contract Lump Sum \$125k savings (2020 FY)
- Review of Three Waters asset valuations delivered a \$3.87 Billion dollar shift in asset value

2. Community Outcomes – why do we deliver this activity?

Modern and robust city infrastructure and community facilities
Sustainable use of resources and minimising waste
Safe and healthy communities

We deliver this activity because assets underpin our ability to deliver a modern robust city infrastructure and services that our communities rely on.

From roads, water, and drainage systems to parks, libraries, and swimming pools, in many instances infrastructure assets are the main aspect of public services that people experience.

Council Asset management needs to be improved to ensure the services delivered by and through assets are effective and efficient taking into account the needs of current and future stakeholders.

As an internal service provider, the work undertaken by the Asset Management Unit leads the strategic asset management improvement activities for the 5 business units within Council that are responsible for the community's asset base. This is achieved through a programme of projects and activities that focus on high value opportunities and gaps identified through regular asset management maturity assessments. The improvements provide confidence and trust that the assets are managed to deliver the best value over their extensive lifetimes.

3. Strategic Priorities – how does this activity support progress on our priorities ?

Strategic Priorities	Activity Responses
Enabling active and connected communities to own their future	AMU enables communication to the community The AMU contributes to the Business Units' (Transport, 3 Waters and Waste, Parks and Facilities) information that provides the foundation for LTP and AP consultation with the community by facilitating the ability to visualise complex asset information.
Meeting the challenge of climate change through every means available	AMU has an asset lifecycle focus to inform climate change response decisions The Asset Management System aims to provide visibility of whole-of-life strategic asset lifecycle management to inform climate change and resilience response decisions. The Asset Management System takes a holistic approach to improving our asset management capability through improvements to the full lifecycle.

<p>Ensuring a high quality drinking water supply that is safe and sustainable</p>	<p>AMU delivers clear, quality information to enable Three Waters to make informed decisions The Asset Management System delivers better, quality information about our assets and the gaps within our understanding to enable the Three Waters and Resource Recovery to make informed decisions to mitigate risk. For example contributing to added asset value including capture of wellhead data, support of 3 Waters smart network project and capture of asset data for the water treatment plant.</p>
<p>Accelerating the momentum the city needs</p>	<p>AMU leads projects that add pace to operational improvements The Asset Management Unit leads strategic initiatives that support improvements to infrastructure management for Transport, Three Waters, Parks, Facilities and IT now and for future generations.</p>
<p>Ensuring rates are affordable and sustainable</p>	<p>AMU’s primary focus is to enable financial benefits to reach customers The Asset Management Unit leads strategic initiatives that support improvements to infrastructure management balancing performance, risk, and cost now and for future generations. Asset management improvement initiatives break down silos, harness technical expertise, stakeholder relationships and system capability that provide non-financial and financial benefits to our customer e.g. Transport and Three Waters Maintenance Contract projects.</p>

Internal Services may be providing business advice to the business – rather than delivering on a specific priority (e.g. HR, Legal, AMU)

4. Increasing Resilience

The AMU contributes to an increase in Council’s resilience by enabling leverage of the Asset Management System information to support our customers (Business units of Transport, 3 Waters & Waste, Parks, Facilities and IT) to deliver resilient networks.

The AMU supports increasing resilience by:

- Providing people with the relevant technical capability when shocks and stressors do occur.
- Incorporating stressors into our decision making frameworks e.g. criticality and vulnerability schemas in AAIF.

5. Specify Levels of Service

LOS number	C/M ¹	Performance Measures Levels of Service (LOS)	Historic Performance Trends	Benchmarks	Future Performance Targets				Method of Measurement	Community Outcome
					Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 10 2030/31		
Strategic Asset Management Improvement										
13.12.28	M	Increase CCC Asset Management Maturity to meet agreed appropriate maturity level for the organisation.	2016 : 69 points 2018: 73 points 2020:78 points	Independent NZ Treasury Investor Confidence Rating (ICR) Asset Management Maturity Assessment (AMMA) Tool		Conduct 1 assessment		Conduct assessment on alternate years	This is conducted every two years by an external assessor until the appropriate level of maturity target is achieved. Targets are agreed between the business and assessor and approved by AMGB and endorsed by ELT.	All
13.12.29	M	Increase CCC Asset Management Maturity to meet agreed appropriate maturity level for the organisation.	2016 : 69 points 2018: 73 points 2020:78 points	NZ Treasury Investor Confidence Rating (ICR) Asset Management Maturity Assessment (AMMA) Tool		5 Metric Point increase in Council average AM maturity score per assessment.		5 Metric Point increase in Council average AM maturity score per assessment.	This is conducted every two years by an external assessor until the appropriate level of maturity target is achieved. Targets are agreed between the business and assessor and approved by AMGB and endorsed by ELT.	All
13.12.31	M	Increase CCC Asset Management Maturity to meet agreed appropriate maturity level for the organisation.			Monitor the implementation of external assessment recommendations		Monitor the implementation of external assessment recommendations		The AMU reports every two years on progress to complete external assessment recommendations/ actions to Finance and Performance Committee.	All

¹ C/M – Community or Management level of service (LOS)

Community LOS - Previously known as LTP LOS. These are LOS that are community facing and will be published in our Statement of Service Provision.

Management LOS - Previously known as Non-LTP LOS. These are LOS that are measured in the organisation to ensure service delivery.

LOS number	C/M ¹	Performance Measures Levels of Service (LOS)	Historic Performance Trends	Benchmarks	Future Performance Targets				Method of Measurement	Community Outcome
					Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 10 2030/31		
13.12.20	M	The annual Asset Management Improvement Programme is delivered.	2020:		80%	80%	80%	80%	The annual AM Improvement Programme is approved and monitored by the Asset Management Governance Group. Programme milestones are achieved.	All
13.12.30	M	Percentage of internal customers satisfied with the Asset Management service provided	2019: see 19/754340. Returned between 85% and 100% for the two 'overall' questions.		85%	85%	85%	85%	Customer Satisfaction Survey to inform response to business customer needs	All

6. Does this Activity Plan need to change as a result of a Service Delivery Review (S17A)?

No S17A Service Delivery Review for this planning period.

7. What levels of service are we proposing to change from the LTP 2018-28 and why?

LOS number	C/M ²	Performance Measures Levels of Service (LOS)	Historic Performance Trends	Benchmarks	Future Performance Targets				Method of Measurement	Rationale	Options for consultation
					Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 10 2030/31			
Deleted											
13.12.20	N	Asset Management (AM) projects are delivered on time.		Targets are based on industry best practise. The target will increase over time as the unit becomes more mature at project delivery (85% years 2020/21-2022/23 and 90% thereafter). There is currently no standard enterprise target - various groups within CCC use 80% and 85%, and I.T. target is 90%.	80%				AM projects are delivered on time. Actual versus planned. Reported from CPMS.	LOS removed as new LOS reflect more clearly the focus on the AMU activity i.e. to provide an organisation wide asset management improvement approach informed by business need and best practice.	Management Level of service - None required
13.12.21	N	Asset Management (AM) projects are delivered within budget	2017/18:	Targets are based on industry best practise. The target will increase over time as the unit becomes more mature at project delivery (85% years 2020/21-2022/23 and 90% thereafter). There is currently no standard enterprise	80%				AM projects are delivered within budget. Actual versus planned. Reported from SAP.	LOS removed as new LOS reflect more clearly the focus on the AMU activity i.e. to provide an organisation wide asset management improvement approach informed by business need and best practice.	Management Level of service - None required

² C/M – Community or Management level of service (LOS)

Community LOS - Previously known as LTP LOS. These are LOS that are community facing and will be published in our Statement of Service Provision.

Management LOS - Previously known as Non-LTP LOS. These are LOS that are measured in the organisation to ensure service delivery.

LOS number	C/M 2	Performance Measures Levels of Service (LOS)	Historic Performance Trends	Benchmarks	Future Performance Targets				Method of Measurement	Rationale	Options for consultation
					Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 10 2030/31			
				target - various groups within CCC use 80% and 85%, and I.T. target is 90%							
13.12.22	N	Asset Management (AM) projects are delivered to scope.		Targets are based on industry best practise. The target will increase over time as the unit becomes more mature at project delivery (85% years 2020/21-2022/23 and 90% thereafter). There is currently no standard enterprise target - various groups within CCC use 80% and 85%, and I.T. target is 90%.	80%				AM projects are delivered to scope. Number of scope changes. Scope changes are recorded within project TRIM folders.	LOS removed as new LOS reflect more clearly the focus on the AMU activity i.e. to provide an organisation wide asset management improvement approach informed by business need and best practice.	Management Level of service - None required
13.12.25	M	Asset Management Information Systems (AMIS) are continually developed to support the needs of the business units and in alignment with the AM policy and strategy.			At least two system improvements per asset class per year.				System improvements are recorded as part of the advancing asset management programme of works reporting framework TRIM/Sharepoint	These LoS are contained within the AMMA Framework More detailed reporting on the programme in relation to increases in maturity of AM	Management Level of service - None required

LOS number	C/M 2	Performance Measures Levels of Service (LOS)	Historic Performance Trends	Benchmarks	Future Performance Targets				Method of Measurement	Rationale	Options for consultation
					Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 10 2030/31			
13.12.26	N	Asset register frameworks and quality for each asset owner actively managed to maintain appropriate alignment to National Standards and Quality levels	60%		>= 75%				Asset Management Maturity Scoring System (IIMM,s) Asset Register Data External Audit findings TRIM	These LoS are contained within the AMMA Framework More detailed reporting on the programme in relation to increases in maturity of AM	Management Level of service - None required
Additions											
13.12.28	M	Increase CCC Asset Management Maturity to meet agreed appropriate maturity level for the organisation.	2016:69 points 2018:73 points 2020:78 points	Independent NZ Treasury Investor Confidence Rating (ICR) Asset Management Maturity Assessment (AMMA) Tool		Conduct 1 assessment		Conduct assessment on alternate years	This is conducted every two years by an external assessor until the appropriate level of maturity target is achieved. Targets are agreed between the business and assessor and approved by AMGB and endorsed by ELT.	LOS amended and added to reflect more clearly the focus on the AMU activity i.e. to provide an organisation wide asset management improvement approach informed by business need and best practice.	Management Level of service - None required
13.12.29	M	Increase CCC Asset Management Maturity to meet agreed appropriate maturity level for the organisation.	2016:69 points 2018:73 points 2020:	NZ Treasury Investor Confidence Rating (ICR) Asset Management Maturity Assessment (AMMA) Tool		5 Metric Point increase in Council average AM maturity score per		5 Metric Point increase in Council average AM maturity score per	This is conducted every two years by an external assessor until the appropriate level of maturity target is achieved. Targets are agreed between the business and assessor and approved by AMGB and endorsed by ELT.	LOS amended and added to reflect more clearly the focus on the AMU activity i.e. to provide an organisation wide asset management improvement approach informed by business need and best practice.	Management Level of service - None required

LOS number	C/M 2	Performance Measures Levels of Service (LOS)	Historic Performance Trends	Benchmarks	Future Performance Targets				Method of Measurement	Rationale	Options for consultation
					Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 10 2030/31			
						assessment.		assessment.			
13.12.20	M	The annual Asset Management Improvement Programme is delivered.			80%	80%	80%	80%	The annual AM Improvement Programme is approved and monitored by the Asset Management Governance Group. Programme milestones are achieved.	LOS amended and added to reflect more clearly the focus on the AMU activity i.e. to provide an organisation wide asset management improvement approach informed by business need and best practice.	Management Level of service - None required
13.12.30	M	The annual Asset Management Improvement Programme is delivered.			Monitor the implementation of external assessment recommendations		Monitor the implementation of external assessment recommendations		The AMU reports annually on progress to complete external assessment recommendations/actions to Finance and Performance Committee.		Management Level of service - None required

8. How will the assets be managed to deliver the services?

No Asset Management Plan for this activity.

9. What financial resources are needed?

The Asset Management activity is planned to be delivered in 2022 with personnel costs of \$1.1m, and has a total cost of service of -\$1.9m which is funded by the following units; Transport, 3 Waters and Waste, Facilities and Parks. The activity is delivered with 10 FTE.

Asset Management											
000's	Annual Plan										
	2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28	LTP 2028/29	LTP 2029/30	LTP 2030/31
<i>Activity Costs before Overheads by Service</i>											
Strategic Asset Management	(917)	(832)	(851)	(867)	(896)	(923)	(963)	(985)	(1,014)	(1,043)	(1,072)
	(917)	(832)	(851)	(867)	(896)	(923)	(963)	(985)	(1,014)	(1,043)	(1,072)
<i>Activity Costs by Cost type</i>											
Direct Operating Costs	3	18	18	18	19	19	20	20	21	21	22
Direct Maintenance Costs	-	-	-	-	-	-	-	-	-	-	-
Staff and Contract Personnel Costs	(924)	(854)	(874)	(891)	(920)	(948)	(987)	(1,010)	(1,040)	(1,070)	(1,099)
Other Activity Costs	4	5	5	5	5	5	5	5	5	6	6
	(917)	(832)	(851)	(867)	(896)	(923)	(963)	(985)	(1,014)	(1,043)	(1,072)
Activity Costs before Overheads	(917)	(832)	(851)	(867)	(896)	(923)	(963)	(985)	(1,014)	(1,043)	(1,072)
Overheads, Indirect and Other Costs	917	832	851	867	896	923	963	985	1,014	1,043	1,072
Depreciation	-	-	-	-	-	-	-	-	-	-	-
Debt Servicing and Interest	-	-	-	-	-	-	-	-	-	-	-
Total Activity Cost	-	-	0	(0)	0	-	-	-	-	0	-
Funded By:											
Fees and Charges	-	-	-	-	-	-	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-	-	-	-	-	-
Cost Recoveries	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-	-	-
Total Operational Revenue	-	-	-	-	-	-	-	-	-	-	-
Net Cost of Service	-	-	0	(0)	0	-	-	-	-	0	-

10. How much capital expenditure will be spent, on what category of asset, and what are the key capital projects for this activity?

No capital programme for this activity plan.

11. Does this activity have any significant negative effects on social, economic, environmental or cultural wellbeing, now or in the future?

Negative Effect	Mitigation
Social	
Economic	
Environmental	
Cultural	

12. What risks are identified and what controls and mitigations are planned?

Risk / Uncertainty: (for each risk you identify, complete the following sections. You can have more than one cause or result/outcomes for each risk, we suggest a maximum of 5 items against each risk)			Assessed Risk Level		Controls and Mitigations
Risk Title There is a risk that/of:	Caused By:	Resulting In:	Inherent	Residual	
Impact of Covid-19 There is a risk that Council will suffer a substantial loss of asset management development and improvement resource, knowledge and delivery capacity and capability, weakening Council's ability to maintain high quality asset management project and improvement programme	(a) Further reductions in Operating Budget. (b) Staff, with organisational knowledge/expertise, seeking more stable opportunities elsewhere. (c) Inability to entice suitably qualified and experienced employees to work at Council.	(a) a reduction in quality assurance provision, management effectiveness and robustness of governance/oversight of asset information, asset performance and asset systems (b) Operational, financial and reputational damage to the Council. (c) Business units increasingly operating in silos, with reduced information management and communication effectiveness	High	Moderate	Allocation of Opex funding as part of the 3 Waters Tranche 1 funds.

<p>delivery. This will limit the Council staff's ability to respond to Council questions in a timely and accurate way about Council assets.</p>		<p>(d) An uncoordinated approach to Asset Management causing a reduced ability to extract value from our assets.</p> <p>(e) Improving Council's asset management maturity is a key focus for Audit New Zealand, NZTA, the Auditor General and the Infrastructure Commission.</p>			
<p>Inability to Deliver An Appropriate and Compliant Asset Management Practice There is a risk that Council will not be able to deliver an appropriate asset management practice for a public sector organisation of Christchurch City Council's size, complexity and managed assets portfolio investment value and range.</p>	<p>(a) Severely reduced Opex, Capex and IT budgets applied to the management of Christchurch City Council assets</p> <p>(b) Absence of AMU dedicated project budgets</p> <p>(c) Declining AMU team capacity, engagement and capability</p>	<p>(a) An inability to demonstrate prudent stewardship and the effective and efficient use of Christchurch City Council assets</p> <p>(b) Static /declining asset management maturity scores</p> <p>(c) Unfavourable Audit NZ audit findings about Council's level of Asset Management</p> <p>(d) Operational, financial and reputational damage to the Council</p> <p>(e) Public/community experiencing declining delivery and access to essential lifeline services, particularly to vulnerable populations (quality of water, sewerage, roads, housing).</p>	High	High	<p>Asset Management Programme review and prioritisation underway to ensure work programme is focused on delivering best outcomes to improve asset management maturity and benefits to the business within the resources and budget available.</p>
<p>Poor Asset Management Decision-making Data Quality There is a risk that business units responsible for delivering assets project decision-making and prioritisation (including long and medium term budget/resource allocation, business case/needs assessment, procurement and project advice, guidance and oversight) will make decisions based on incomplete and/or insufficient asset information, leading to poor quality</p>	<p>(a) Incomplete asset registers/asset history information</p> <p>(b) Lack of defined ownership and responsibility</p> <p>(c) Poor asset information management practices</p> <p>(d) Lack of/poor quality asset condition and performance information</p> <p>(e) Inappropriate (non-enterprise) system use e.g. Excel</p>	<p>(a) A decrease in our ability to capture, allocate and analyse cost to derive value from Christchurch City Council assets</p> <p>(b) Increased hidden/future Opex costs associated with maintaining asset values and lifeline services to the community</p> <p>(c) Less accurate asset valuation and insurance values</p> <p>(d) Decrease Council ability to ensure that asset performance is compliant, effective, efficient and sustainable.</p> <p>(e) Lead to increased operational maintenance costs.</p> <p>(f) Declining levels of service</p>	High	Moderate	<p>Asset Register improvement projects deliver quality assured asset information through utilisation of our Data Quality Framework and alignment with national data standards.</p>

decisions, which fail to take all necessary factors into account and create under-performing lifeline asset improvement projects.		(g) Insufficient information for council to make informed decisions for the community.			
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