Strategic Asset Management Guideline

(October 2018)

In relation to policy MP0364 Strategic Asset Management the following guideline procedures should be followed.

In managing strategic assets Otago Polytechnic, will adhere to the following procedures:

a. Plan, develop, maintain and manage infrastructure assets at defined levels to meet the challenges of the business as outlined in the Vision, Goals and Strategic Directions of the Polytechnic.

b. Monitor standards, especially the Levels of Service to ensure that they meet/support the agreed goals and objectives.

c. Apply informed best practice i.e. Investment Logic Mapping (ILM) & Better Business Case (BBC) model decision making principles around all strategising, planning and developing business cases for infrastructure decisions and procurement.

d. Develop and maintain asset inventories of its entire infrastructure at sufficient detail to enable for achievement of a minimum of Intermediate rating or higher on the TEC's Capital Asset Management maturity rating scale. (SPM Assets database: 2014)

e. Establish infrastructure replacement strategies through the use of full whole of life (life cycle) costing principles.

f. Plan financially for the appropriate level of maintenance of assets to deliver the defined Levels of Service. This will ensure that when the SAM Plan and Budgets are reviewed annually, the funding and Levels of Service will be aligned.

g. Plan for and provide stable long-term funding to replace and/or renew and/or decommission infrastructure assets. This should be done in conjunction with reviewing the Capital Intentions Schedule included in the SAM Plan to include building, infrastructure, IT and major teaching assets with funding allocated according to lifecycle analysis and whole of life considerations.

h. Consider and incorporate asset management requirements and achievements in its other corporate plans as appropriate.

i. Demonstrate accountability and responsibility in its infrastructure management through regular reporting on the status and performance of work related to the implementation of this asset management policy.

j. Provide accurate life-cycle data modelling (SPM Assets) to inform Council, Executive Leadership Team and Head of School/College decision making for procurement of assets.

Definitions:

Strategic Asset Management (SAM)	Managing the Polytechnic's assets to deliver the required Levels of Service, the objective being to meet current and future demand at the lowest whole of life cost.
Infrastructure Asset	All assets classified for accounting purposes as Property, Plant and Equipment, which are owned or leased by the Polytechnic. This includes land and buildings, site improvements, information technology hardware, plant, teaching equipment and motor vehicles.
Capital Asset	A *capital asset* is a significant asset i.e. land or a building that is expected to generate value over a long period of time. *Capital assets* form the productive base of the Polytechnic. Examples of *capital assets* are buildings; and leasehold improvements.
Asset	An item of value that is required by the Polytechnic to achieve its vision and goals. Typically, these items will be long-lived (>5 years), and require ongoing maintenance and management to perform the service required at minimum cost and risk. Assets may be physical but can include software and services where appropriate
Asset Manager	A person responsible for planning, procurement or an asset's continuing performance over its life.
Asset Management (AM)	Management of assets - this includes strategic/decision making, planning/procurement and facilities/property management levels.
Asset User	The person/s or group/s that utilise the asset to achieve the organisations goals and achieving OP's business of delivering effective and quality education to students.
Key Information	Contained in OP's AM data base (SPM Assets) this is an item of value that is required by the Polytechnic to achieve its vision and goals. These are generally assets valued at $2,000>. Assets are also documented in the Finance Asset Register. Refer Asset Management (Operational – Acquisition and Disposal) MP0362.00
Strategic Asset Management Plan (SAM Plan)	A long-term, overarching plan on how best to develop the buildings, facilities and natural environment to meet the emerging needs of the Polytechnic. OP's SAM Plan: • provides advice on the Levels of Service (LoS) required to deliver OP's Vision and Strategy • determines the current performance of OP's estate against those objectives, identifying the performance gap; • develops prioritised asset strategies that will close the performance gap; • translates OP's strategies into appropriate space management, capital investment, maintenance and surplus asset plans • develops efficient and effective service delivery approaches for implementation of the Campus, maintenance and other plans.
Levels of Service LoS)	This is the Levels of Service document approved by ELT and by Council as an Appendix to the SAM Plan. It documents the agreement between the Asset Manager and Asset User as to what performance the asset must deliver to meet the User's needs. OP Levels of Service covers timing and reliability, aesthetic, functional and climatic requirements. All Levels of Service are aligned to OP's strategic goals and priorities.
Life-cycle	The useful life of an asset from initial construction or purchase through to its disposal. Life-cycle data also defines what is required over the operational life to maintain the asset's condition and ability to deliver the required level of service.
Capital Asset Management Systems (CAMS)	Refers to the CAMS audit mandated by the Tertiary Education Commission which is required to be undertaken by an external auditor once every two years.
Asset Management Implementation Plan (AMIP)	This is a *performance-based asset management* implementation plan developed from the set of priorities (high, medium and low), identified by the CAMS external audit (every second year), of OP's asset management practices. The AMIP guides the implementation of best practice asset management at OP through the use of identified measures and targets.
Best Practice Critical Success Factors	The major benefits of implementing the asset management strategies and the AMIP will be: • better integration of information platforms – information more easily available, far less time spent integrating data from disparate sources; and • better decisions, coherent support from relevant information platforms / easy availability of information to base decisions on. As the Polytechnic's AM capability grows, the gains in optimising asset costs will also grow, with • lower maintenance costs due to minimising the reactive maintenance aspects; • maintenance activities being more productive as they are planned and scheduled together; • better purchasing power due to higher volumes of purchases of a more restricted asset supplier list; and • lower training costs due to the consistency of facilities and equipment (and software) in use and the widely distributed knowledge within the Polytechnic. The following six critical success factors underpin the implementation of the proposed strategies. • asset and inventory data integrity. The integrity of asset information will need to be better than 92%, whilst the inventory accuracy needs to be better than 98%. • core processes are followed 95% of the time for all the major asset transaction types (addition, maintenance, re-purposing, and disposal). • asset management work schedules are carried out at least 90% of the time. • the maintenance spend (excluding renewal/capital spend) is better than 80% planned; 20% reactive. • service level agreements exist for all major client groups. The content of these reflects the Levels of Service at a business wide level.