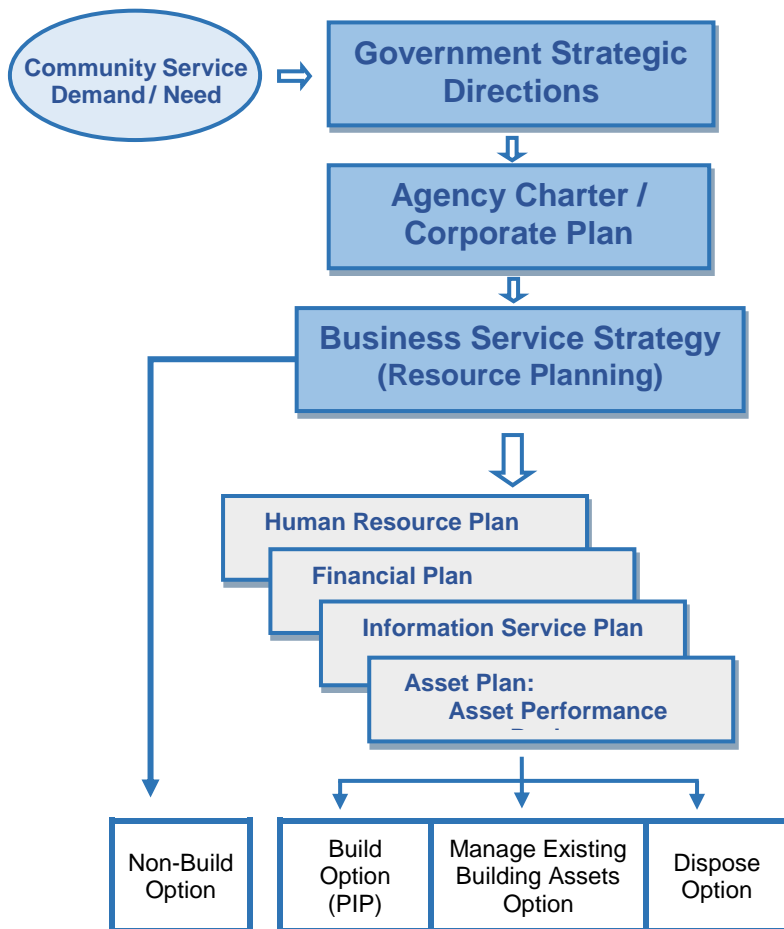


Asset Management in a Corporate Planning Environment

DPTI Asset Brief

What is the Purpose of this Document?

This document demonstrates that Strategic Asset Planning is borne out of the need to support an agency's Corporate Plan and Business Service Delivery Strategy, as illustrated in the diagram below:



Why is context important?

Asset management forms an integral part of an agency's Corporate Planning process and therefore needs to be considered and integrated with planning for human, financial and information resources. It occurs within a broader dynamic system, structured to facilitate innovative solutions that are able to access a range of resources in the delivery of core business services.

Where physical resources form part of the service delivery strategy, asset management becomes an important and potentially significant ingredient in the agency's business decision making process.

For **Strategic Asset Management** to be relevant, effective and efficient, it must:

- Integrate with Corporate Planning
- Match asset life cycle strategies with business service objectives
- Establish agency responsibility and accountability within a structured framework
- Ensure management decisions are informed
- Ensure appropriate disclosure and make the best of limited resources

Asset Management in a Corporate Planning Environment

Who is this document for?

This document describes the diverse roles, responsibilities and skills required of a Corporate Management team to establish the fundamental linkage between Corporate Business Planning and Strategic Asset Planning and accordingly, provides an outline for both:

- corporate planners seeking a brief strategic overview; and
- strategic asset planners and managers involved with asset resource planning at both a portfolio and facility level.

There are many aspects of service provision that need to occur before planning for physical resources. The first is to establish whether or not a service need exists by identifying and analysing community demand. This involves defining the scope and nature of demand and interpreting government policy response to a range of socio-economic indicators.

Service delivery clearly has cost implications and the decision to commit public funds takes place against a limited resource base and therefore, in accordance with society's capacity to pay.

Agency Charter

After thorough examination and evaluation of community demand, government may commit to public sector involvement by establishing an Agency Charter outlining a clear vision and mission.

Agency Corporate Plan

The agency's Corporate Plan translates the statement of its Charter into a clear and integrated set of directions which include development of a Business Service Delivery Strategy.

Business Service Delivery Strategy

The process of translating service needs into business service delivery options requires considerable innovation and the ability and flexibility to challenge traditional community attitudes and assumptions.

In so doing, the challenge for agencies is to generate innovative, value adding solutions that minimise the consumption of scarce resources.

Resource Planning

The resource planning process is designed to ensure the delivery of specific outputs addressing quality, quantity and best value. A range of resources, including human, financial, information services and asset resources is available to support business service delivery strategies.

Effective and efficient business practice demands that these resources be managed by taking a holistic, integrated approach, able to capitalise on the potential synergies arising.

Service delivery options may draw inspiration from one of the following, which often complement each other when considered in an integrated planning environment:

- Technological alternatives
- Private sector involvement
- Alternative modes of operating
- Legislative amendments
- More innovative and flexible use of existing resources

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At the completion of this process, an agency will have identified, with some degree of certainty, the type of resources necessary to support the strategy.

As a consequence, the supporting building asset resources will also be identified. The strategy will demonstrate that broad options have been explored, especially non-build alternatives.

Asset Plan

For service delivery options incorporating building asset resources as a key part of their strategy, the suitability of the agency's existing assets need to be carefully evaluated before considering any new capital expenditure and the associated commitment to on-going life cycle obligations.

Building asset resource planning aims to match asset strategies involving the three life cycle stages and associated capital and recurrent costs against business service objectives, timeframes and budgets.

The procurement, management of existing buildings and their subsequent disposal involve a significant financial commitment and introduce potentially significant risk exposure which needs to be carefully managed.

Asset Performance Status Assessment

By comparing the suitability of the existing building portfolio with service delivery objectives, agencies can identify ways to modify asset management strategies to achieve better business service delivery, providing the benefit cost ratios exceed the opportunities foregone through other asset strategies.

The most appropriate asset resource strategy is determined by working through a structured methodology involving creative concept development and rigorous evaluation against service and asset criteria, resource, time and budgetary constraints. The outcome will be an asset resource strategy including comprehensive plans that address portfolio and facility management issues and identify:

- Existing assets to be retained or upgraded
- New assets necessary to support service objectives
- Assets that no longer support best value service delivery and that could form part of an alternative use, rationalisation or disposal strategy.

Decision-Making Tools and Techniques

The structured methodology outlined, requires application of a range of tools and techniques to support the decision making process. These include strategic and business planning, value, demand and risk management along with performance assessment and life cycle costing.