



# **Gnowangerup: Fleet & IT Asset Management Plan**

**July 2021**

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## Executive summary

The Shire owns and manages a number of Fleet and IT assets. The portfolio supports the delivery of a number of different services. This includes municipal administration, Shire works, community services, and so on.

Ensuring that the Shire meets the current and future needs of fleet and IT users is important. To do this, the Shire takes a long-term management view. This view, and the plans and strategies that the Shire has for the portfolio, are recorded within this document. This Fleet & IT Asset Management Plan (FAMP) is maintained as a live document to ensure that it remains up-to-date. It integrates with the Shire's Strategic Community Plan, to ensure that it is balanced against the other services that the Shire delivers. This FAMP considers a future planning view of ten years.

The Shire understands that over time, that users' needs will change. This means that the assets that make up the portfolio may also need to change. The Shire currently believes that fuel/energy types, financial sustainability, technology change, environmental sustainability, staff skills, and Council policy are the potentially most significant drivers of change.

In total, the Shire has 117 individual assets within its fleet and IT portfolio. These assets have a combined fair value of at least \$2.9m. The assets depreciate by at least \$0.4m each year as they age and wear. The Shire then replaces these assets at optimal times so that the services they support can be maintained.

The performance of the portfolio cannot be currently ascertained, due to a lack of performance measurements, such as service levels. However, the asset consumption ratio currently sits at 40%. This is below the target band, and may suggest that the Shire has historically underfunded renewal, and that there may be some financial sustainability concerns.

The Shire strives to ensure that the portfolio's quality is provided at the level required by users, at a cost that the Shire can afford. To assist in understanding how well the Shires service delivery is performing, it is starting to monitor two service level indicators. In future versions of the FAMP, these indicators will assist the Shire in its decision making.

## Why does the Shire provide assets?

Physical assets exist for the purpose of facilitating the delivery of services. This includes core services such as governance and administration, transport, parks & recreation, waste management, and so on. These services help to make the Shire a liveable place, that is responsive to community values, appreciative of our natural environment, and provides a choice of lifestyle and work.

This document is the Shire's Fleet & IT Asset Management Plan (FAMP). It seeks to outline the activities and strategies that will be carried out for the Shire's fleet and IT assets, over the next ten financial years.

## What is Asset Management?

The role of Council is to deliver services that help realise the community's vision for the Shire. This vision is defined within the Shire's Strategic Community Plan. The various services that are then required to be delivered, often demand the provision of physical assets.

Assets can be challenging to provide, operate, maintain and renew in a sustainable way and with limited financial resources. Good asset management practices seek to take a long-term planning view, that balances the service quality against the Shire's and community's capacity to pay.

## Our Portfolio

The fleet and IT portfolio consists of equipment, plant, vehicles and IT. It is the Shire's obligation as the current custodian of these assets to manage them in an efficient manner, and to ensure sustainable service delivery for both current and future generations.

## What do we have and what are they worth?

While our fleet & IT asset portfolio is our smallest asset group in terms of size and value, it is crucial in enabling many of the Shire's operational day to day tasks to be completed. The different asset types that make up the portfolio are:

Asset Type	Quantity	Fair Value	Replacement Cost	Percentage
Furniture & Equipment	10	\$80,850	\$141,000	3%
IT	3	\$7,100	\$29,400	<1%
Large Plant	37	\$300,050	\$610,500	11%
Small Plant	25	\$68,650	\$259,000	2%
Vehicles	42	\$2,394,000	\$4,635,800	84%
<b>TOTAL</b>	<b>117</b>	<b>\$2,850,650</b>	<b>\$5,675,700</b>	

Table 1: Quantity & Total Current Replacement Cost of Fleet & IT

## How confident are we?

Although the Shire records data on its assets for inventory and value, it is important to understand how confident it is of the data accuracy. This is important to determine the confidence that we can put in the outcomes that result (e.g. valuations). It also allows the Shire to target where data improvements are required. The Shire has assessed its confidence in fleet & IT asset data using the following grading scale.

Confidence Grade	Accuracy	Confidence Grade General Meaning
Highly Reliable	± 2%	Data based on sound records, procedures, investigations and analysis which is properly documented and recognised as the best method of assessment.
Reliable	± 10%	Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings; for example the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation.
Uncertain	± 25%	Data based on sound records, procedures, investigations and analysis which are incomplete or unsupported, or extrapolation from a limited sample for which grade A or B data is available.
Very Uncertain	± 40%	Data based on unconfirmed verbal reports and/or cursory inspection and analysis.
Unknown	Nil	None or very little data held.

Table 2: Data Confidence Grading

The current confidence in the Shire's asset data is:

Asset Type	Inventory	Valuation
Fleet	Reliable	Uncertain
IT	Reliable	Reliable

Table 3: Fleet & IT Asset Data Confidence

## How are the services performing?

The Shire seeks to ensure that the service performance delivered by our fleet & IT assets meets the needs of users. However, the quality of the services can be varied, and in turn this has an effect on overall cost. As a general rule, as the service quality gets higher, so too does cost. As such, the Shire needs to provide fleet & IT services at a level that it is able to afford.

### Service Levels

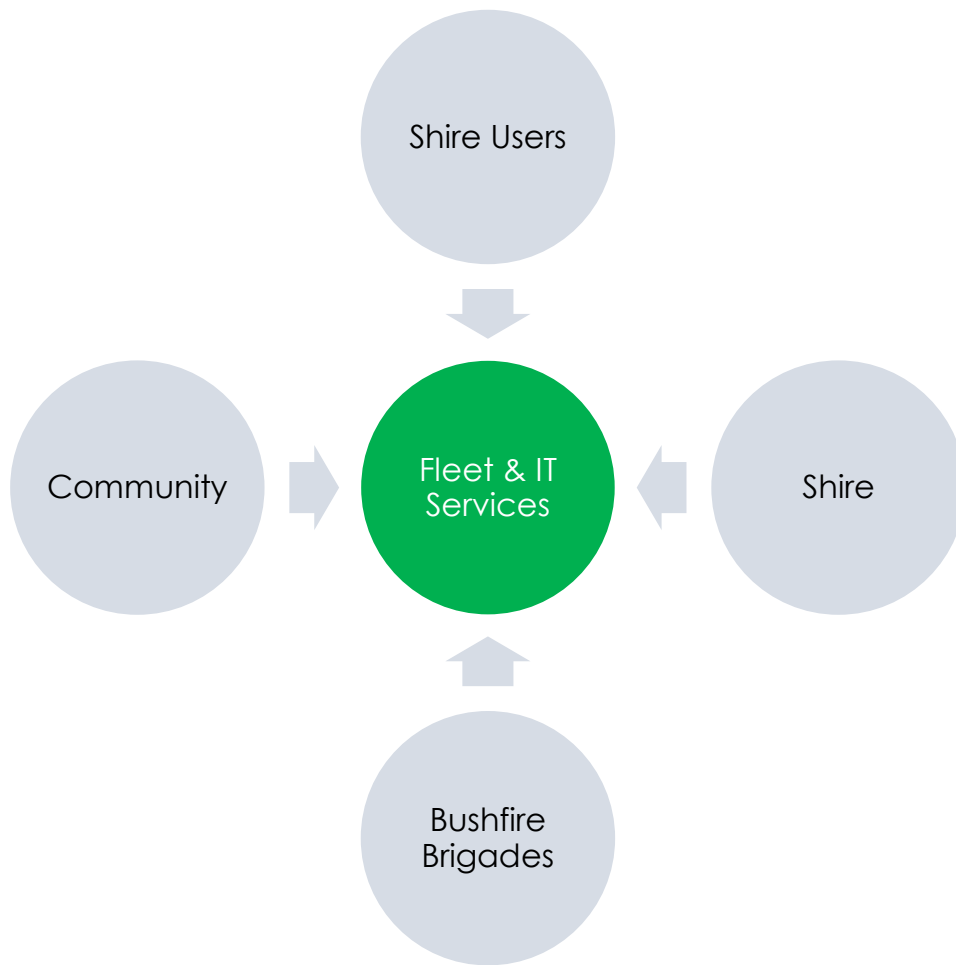
Service levels describe the quality performance that the Shire aims to provide for its fleet & IT services. These have been developed through consideration of strategic and customer inputs.

#### Strategic Inputs

The Shire's 2017-2027 Strategic Community Plan (SCP) is a blueprint for the future direction of the Shire and its community members. As a key element of the Shire's broader Integrated Planning and Reporting Framework, the SCP assists the Shire to deliver beneficial and affordable outcomes (services) for the community in the long term. The SCP has been reviewed in order to identify any strategies that may directly relate to the fleet & IT services. None were found.

#### Customer Inputs

As a service provider, it is important that the Shire clearly understands the needs of its stakeholders (e.g. customers). During November 2020, Shire staff considered who the major stakeholders are of its fleet & IT services. Four were identified, as outlined in Figure 1. While there may be other minor stakeholders, they have not been specifically considered by this FAMP.



*Figure 1: Fleet & IT Services Stakeholders*

Analysis of stakeholders' service needs determined that the following attributes were most frequently required.

- Reliability (4 occurrences)
- Safety (4 occurrences)



## Service Level Targets and Performance

The SCP informing service attributes (if any) have been combined with the customer service needs. These informing service attributes have been selected for service levels. The following KPIs are used to monitor fleet & IT service delivery performance.

KPI	Driver	Level of Service	Performance Measure	Target	Current	Data Confidence
Reliability	Stakeholders	Fleet & IT assets are reliable.	Percentage of survey respondents who are at least satisfied with the reliability of assets.	-	-	-
Safety	Stakeholders	Fleet & IT assets are safe.	Number of fleet safety incidents per annum, excluding minor panel damage.	-	-	-

Table 4: FAMP Service Levels

## How are the services changing?

Generally, the demand for fleet & IT services changes over time. As a result, the assets that support these services, and the way in which they are managed, may also change.

### Historic change

Looking backwards, a number of drivers may have changed the demand for the Shire's fleet & IT service, they were:

- Population – Fell from 1,507 to 1,219 (2001 to 2016).
- Demographics – Median age rose from 32 to 40 (2001 to 2016).
- Tourism – Number of visitors to the southwest grew from 6.5m to 7.2m (2015/16 to 2019/20).
- Rainfall – Fell from ~420mm to ~380mm (1913 to 2019).
- Temperature – rose from ~29C to ~29.5C (1967 to 2019).
- Recreation participation – Possibly fell from 1,129 to 743 participants (2001 to 2016)

### Future change drivers

Looking forward, over the life of this Plan, the Shire considers the following drivers to likely affect the demand for fleet & IT services.

- Council policy
- Environmental sustainability
- Fuel/energy types
- Financial sustainability
- Staff availability and skills
- Technology change

### Change mitigation

To meet the challenges that will arise from service change, the Shire plans to:

- Continue to maintain a robust Fleet & IT asset management plan.
- Identify staff training needs through performance review processes.
- Monitor the FAMP service levels to understand the current level of service performance.

## How are the services managed?

Our fleet & IT assets have varying lengths of physical life. However, a key goal is to try to maximise life, and renew assets at suitable times, so as to keep costs down. We manage each stage of our assets' lives as follows.

### Operation and Maintenance Works

The Shire currently operates and maintains Fleet & IT assets in line with manufacturer specifications. All are maintained at their appropriate timing/time intervals. Staff and contractors are used for maintenance work.

### Renewal Works

The Shire's renewal strategy for Fleet & IT is primarily driven through the establishment of optimal replacement triggers. Triggers are typically based upon age and/or usage intervention points. These typically strive to balance cost, safety, reliability and functionality.

### Upgrade & New Works

The Shire occasionally requires either new or upgraded Fleet & IT assets. These assets are usually identified due to capacity issues with the currently available assets. The need for additional assets is considered by senior staff and then recommended to Council for approval.

## What will the services cost?

To ensure that we can continue to sustainability provide the services, the Shire maintains a long term works programme. This programme contains all planned works activities, and sets out how much the services will cost, to deliver the agreed performance (Figure 2). On an annual basis, the works programme in this FAMP informs the Shire's broader Long Term Financial Plan (LTFP). In the event that the FAMP and the LTFP do not balance financially, then the Shire can adjust its practices (e.g. service level performance) to reach a sustainable point (Figure 3).

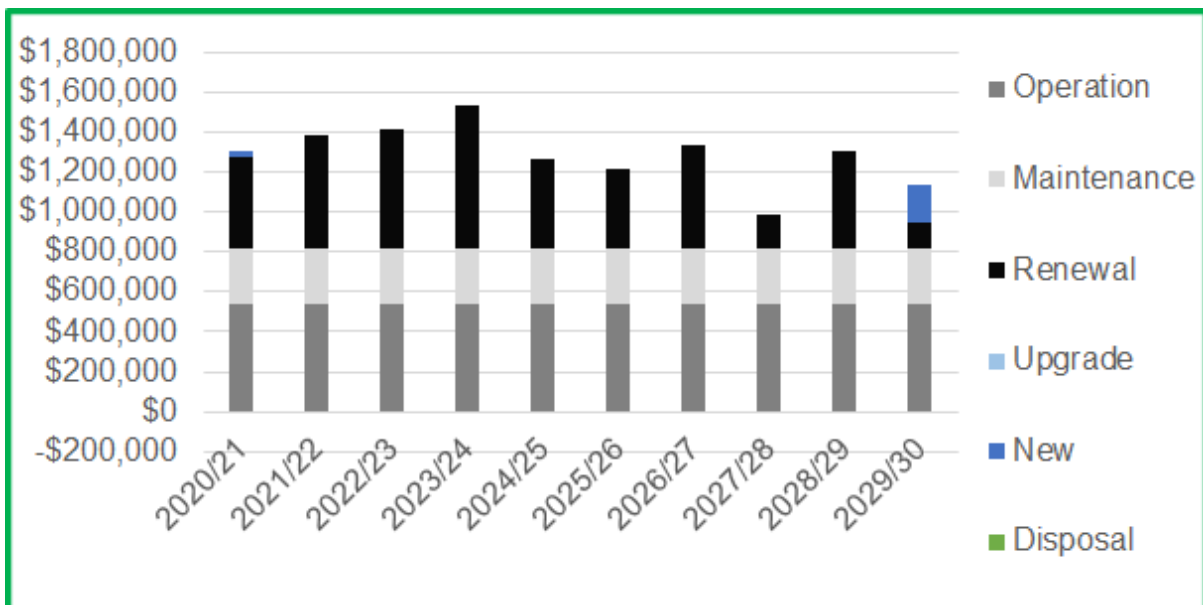


Figure 2: Projected Service Cost

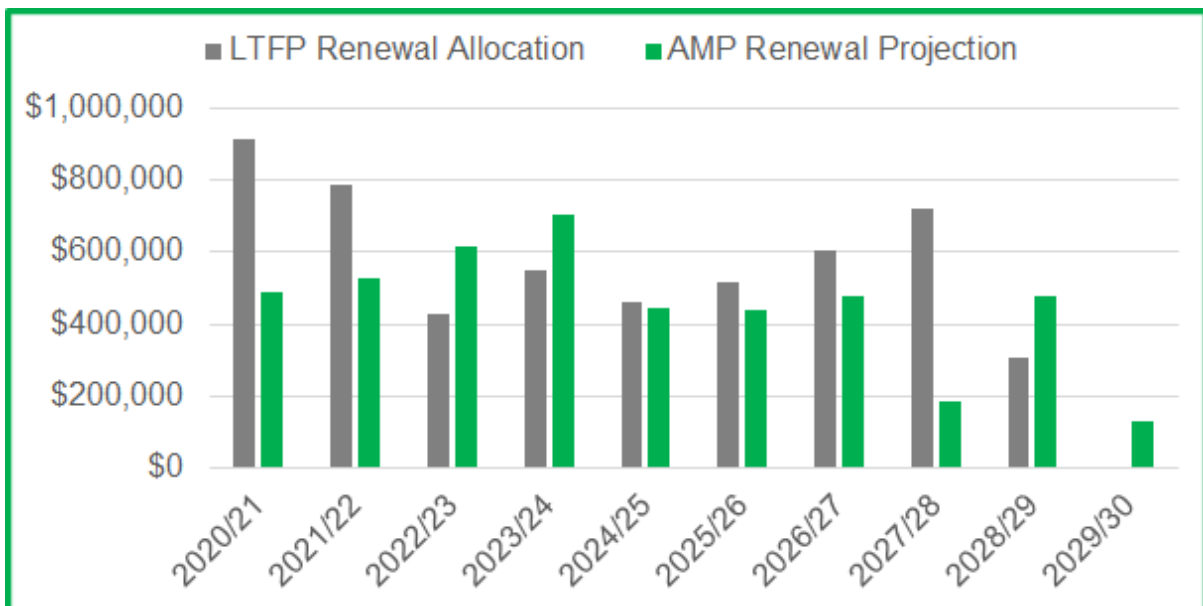


Figure 3: Annual Planned vs Projected Renewal

## Are the services sustainable?

The Shire monitors the effectiveness of the FAMP through three financial ratios. They measure the past, present and future ability to renew assets when required.

### Past - Sustainability Ratio (ASR)

This ratio indicates whether a local government is replacing or renewing existing non-financial assets at the same rate that its overall asset base is wearing out. The ratio compares the average actual expenditure on asset renewal to the annual depreciation expense.

### Present - Consumption Ratio

This ratio seeks to highlight the aged condition of a local government's physical assets by comparing their fair value (worth in current state) to their replacement cost (worth in as new state).

### Future - Renewal Funding Ratio

This ratio indicates whether the local government has the financial capacity to fund asset renewal as required, and can continue to provide existing levels of services in future. The ratio compares the available asset renewal expenditure in the Long Term Financial Plan to the required asset renewal expenditure in the Asset Management Plans.

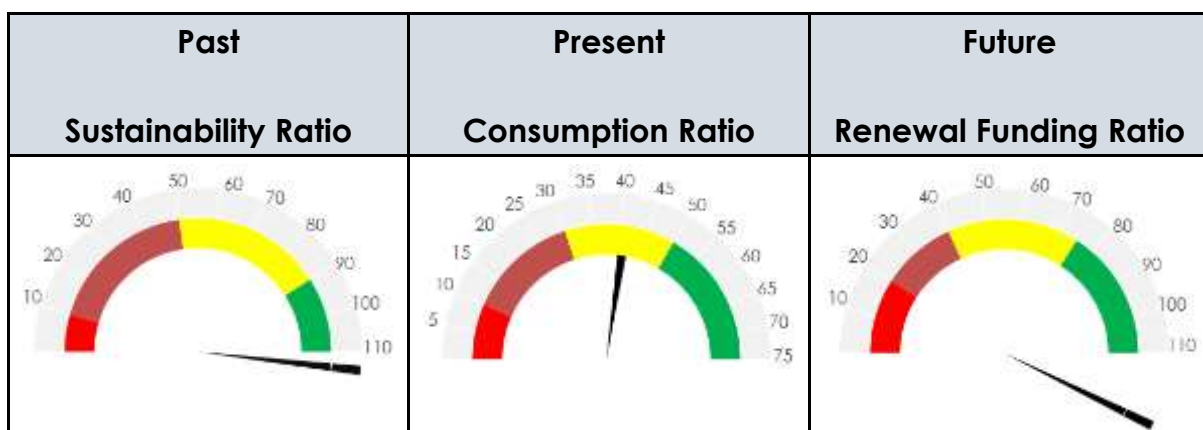


Table 5: FAMP Financial Sustainability Measures

## How will the Shire improve its service management?

Where possible, and appropriate, the Shire is committed to improving its asset management practices. The following actions have been identified by this AMP for future implementation.

Task	Responsibility	Year
Monitor the FAMP service levels.	AWMC	Ongoing
Update the FAMP with latest inventory and valuation figures.	AWMC	Ongoing
Align the LTFP and AMP renewal projections.	AWMC/DCEO	Ongoing

Table 6: FAMP Improvement Plan

## Further reading

Shire of Gnowangerup – Strategic Community Plan

Shire of Gnowangerup – Asset Management Policy

Shire of Gnowangerup – Long Term Financial Plan

Shire of Gnowangerup – AMP Works Programme 2020-2030

## AMP – LTFP relationship

The AMP is service based, and contains information about assets that support this service. The asset classes used by the LTFP are slightly different. To assist with cross referencing the documents, the following table lists the LTFP asset classes that align with this AMP.

LTFP Asset Class	AMP Asset Class
Furniture and Equipment	Furniture & Equipment
Plant and Equipment	IT, Large Plant, Small Plant, Vehicles

Table 7: AMP - LTFP Relationship