CAPITAL ASSET MANAGEMENT
Linking organisational strategy to levels of service and asset planning

TEC WORKSHOP

Victoria University

22 February 2013

NAMS Asset Management Plan

- Asset description – component level

- Condition status – residual life

- Levels of Service

- Future Demand

- Lifecycle Management – 20 years

- Financial Summary

- Asset management practices

- Monitoring and improvement programme

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In simple terms

- What have we got?

- What are our business needs?

- What are our facilities/asset plans?

- What are the technical details about how we manage our assets?

- How do we ensure that we keep asset planning alive and integrated with the organisation's business development?

Key Focus Areas

- **What have we got?**

  - Lists of assets: what state are they in (how long is it likely to last, when is it likely fail?) Do we know the seismic rating? Geotech condition of the land? Leases?

  - Properties, buildings, plant . . . . . the more information the better, but not necessary all at once

- **What are our business needs?**

  – Academic plans, financial situation, special circumstances, council vision
  – Risk assessment – biggest impacts of failure, most likely failure points
  – Service levels and demand assessment
  – Future trends and changes
  – Business strategies

- **What are the facilities/asset plans to 'enable' these?**

  – Maintenance, upgrading, renewal, new, disposal
  – Needs to be an integrated part of the organisation's planning, IP, financial planning

Service Levels

- Replacing like with like …. or not
  - Form
  - Function
  - Fit
  - Fashion/Future
- Keeping pace with change and strategy
- Driven by:
  - University's strategic direction, policies
  - Legislative requirements & industry standards
  - Customer expectations
  - Condition
- Defining service levels is challenging - Work in progress
  - Appropriate technical targets and strategic priorities e.g. for teaching space, laboratories, administration, recreation
  - How to measure - customer satisfaction vs technical measures
  - 'Willingness to pay'
  - TEFMA – capacity, utilisation, condition, functionality, sustainability

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Words of Caution

- Still challenging to **_define_** levels of service for assets

- Measuring functionality difficult - **_Appropriate_** targets and priorities e.g. for teaching space, laboratories, administration, recreation

- Measures should drive gap identification, but conclusions are often anecdotal

- Strategic needs can change quickly

- Separating wants from needs

- Balancing need priorities across all parts of the institution

  - salaries vs capex

  - condition vs strategic

Key Strategic Service Level Gaps Victoria 2012

- Physical condition of facilities (seismic)

- Facilities not fit for purpose (eg labs) – 20 year view

- Range of venues supporting the student experience

- Demand gap in space quantum

Connecting to Strategy

- Council
  - Investment or disposal is ultimately a council decision

- Senior Management Team
  - Data, strategy, acknowledge its views, concerns, priorities
  - Share information early and often, build a support base of those who understand
  - Essential to have Finance on board as a partner – work through your Director
  - Hear and understand business strategy decisions
  - Align and integrate asset strategies
  - Iterative

- Deans
  - Universities are about teaching and research not buildings
  - Keep abreast of academic needs

Supporting need

- Tactical level - Ask staff and students

  - Meetings with PVCs

  - Independent facilitator – expert on Levels of Service

  - 5 x 2-hour workshops with Senior Management, Heads of School, CSU Heads and other stakeholders e.g. tenants, Consultants, WCC Urban Design

  - On-line survey to all staff - 431 respondents of approximately 2,500 staff

  - On-line survey to students - 4,000 respondents

  - Cover assets and services

- Technical level

  - Measures of utilisation, functionality, utilities consumption, cost

- All feed into gap analysis and solution development

  - BUT not a simple objective 'gap' identification process

  - Answers don't just fall out the end of a process

  - Ultimately it is about the business decisions and how we support them (so well we are almost invisible).