

Report No:	RCN11-08-04
File No:	A503
Date:	3 August 2011
<b>Decision Required</b>	

## REPORT SUMMARY

**Report to:** Full Council  
**Meeting Date:** 11 August 2011  
**Report Author:** Mark Tregurtha  
**Subject:** **Policy on Activity Management Plans Report  
RCN11-08-04**

### EXECUTIVE SUMMARY

To consider and adopt an Activity Management Policy covering Engineering, Community Services and Environment and Planning activity management.

### RECOMMENDATION/S

That the Activity Management Plan Policy dated 11 August be adopted.

### DRAFT RESOLUTION

**THAT the Tasman District Council:**

- 1. Receives the Report Policy on Activity Management Plans RCN11-08-04; and**
- 2. Approves the Activity Management Policy dated 11 August 2011.**

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**Subject:** **Policy on Activity Management Plans Report**  
**RCN11-08-04**

## **1. Purpose**

- 1.1. To consider and adopt an Activity Management Policy (“Policy”) covering Engineering, Community Services and Environment and Planning activity management.

## **2. Background**

- 2.1 In its review of the Council's Ten Year Plan 2009-19, Audit New Zealand suggested that Council's Activity Management Plans (AMPs) could be improved by introducing a policy to ensure a consistent approach to Council's activity management planning.
- 2.2 Audit New Zealand also noted as an area of weakness that many Councils have no direct links between their AMPs and their Long Term Plans; no defined approval or consultation process; no specified planning cycle process; and do not define the level of activity management planning. Council did provide direct links between AMPs and the Ten Year Plan through the AMP approval process and also made available the AMPs as part of the Ten Year Planning process. Council however did not define the level of activity management planning sort. The attached draft policy addresses this gap in the planning process.

## **3. Present Situation/Matters to be Considered**

- 3.1 The draft Activity Management Policy (Appendix One) establishes a consistent approach to management planning across the Infrastructure and Community Services assets and activities. It defines the objectives of the AMPs, provides a policy statement and principles, specifies the approval and consultation process and timelines, and the roles of Councillors and Council staff. The important matters for consideration in adopting the policy follow.

## Key Document Review Dates

- 3.2 It is proposed that AMPs be reviewed every three years in line with the Long-term Plan three yearly cycles.
- 3.3 It is acknowledged that adoption of the Long Term Plan (LTP) or subsequent Annual Plans may result in the necessity to vary the adopted AMPs to some extent when Council considers the levels of service or projects that it will fund through the LTP or Annual Plan. Any subsequent variations can be identified in the LTP or Annual Plan where necessary.

## AMP Consultation

- 3.4 While the public have always had the opportunity to comment on levels of service through the LTP and Annual Plan consultation process, historically Council has not undertaken a general public consultation on individual asset/activity management plans, other than making them available as part of the consultation process for the LTP.
- 3.5 Audit NZ has recommended that Councils consider more direct consultation with the Community over the levels of service proposed. Tasman District Council undertakes early consultation for some significant proposed changes to levels of service through separate consultation, for example the Motueka Flood protection proposal. Extending this consultation wider would require extra staff resources to be allocated and might result in some duplication of effort with Community and Annual Plan consultation processes. It is suggested therefore that the current approach continue but that targeted consultation of user/focus groups or significant changes to levels of service for key activities be used as appropriate.

## Appropriate Level of Activity Management

- 3.6 As part of the development of AMPs, it is important to select the appropriate level of planning suitable for the size and complexity of the community and Council. There are three levels identified in the International Infrastructure Management Manual which are described briefly below:
- “Core” activity management practise is basic technical activity management planning undertaken at a level designed to meet minimum legislative and organisational requirements for financial planning and reporting. “Core” practice provides technical management outputs for current levels of service, demand management, activity lifecycles, activity forward replacement programmes, new capital expenditure and associated cash flow projections.*

*“Core Plus” activity management practice is undertaken at a level between “Core” and “Comprehensive” practice. The focus is to build on the basic technical activity management planning of “Core” practice by introducing improved maintenance and more advanced activity management techniques (as appropriate). Further use is made of risk management and activity lifecycle management.*

*“Comprehensive” activity management practice is system optimisation planning undertaken to optimise activities and programmes to meet agreed current and future service standards. This is achieved through the development of management tactics based on the collection and analysis of key information on activity condition, performance, demand for service, lifecycle costs, risk costs and activity lifecycle treatment options.*

- 3.7 It is recognised within the industry that for cities with populations between 10,000 and 90,000 Core Plus is an appropriate level of activity management those AMPs that cover critical activities, or those activities that require a high proportion of Council’s overall expenditure, that should also be managed at a higher level.
- 3.8 An assessment of the appropriate levels of service for each activity has been undertaken. Given lifeline services supported by Engineering assets and the high cost of these the assessment for Engineering Services was completed externally by Waugh Infrastructure Management Ltd (Appendix Two). Although this document is labelled *draft* no significant changes are expected in the final report. The assessment for Community Services and Environment and Planning was completed internally (Appendices Three and Four).
- 3.9 Factors that were considered in proposing the Level of Activity Management Planning included:
- Population
  - Issues affecting the district
  - Costs and benefits of the different levels of activity planning
  - Legislative requirements
  - The size, condition and complexity of the assets
  - The risks associated with failure of any critical assets
  - The skills and resources available to the Council
  - Customer expectations.

The proposed level of activity management for each plan is shown in table 1.

**Table 1 - Proposed Level of Activity Management**

	Level
<b>Activity Management Plan</b>	<b>Level</b>
Transportation	Core Plus
Water supply	Core Plus
Wastewater	Core Plus
Stormwater	Core Plus
Solid Waste	Core
Rivers	Core
Coastal assets	Core
Environmental Services	Core
Public Health and Safety	Core
Community recreation, grants and cultural services	Core
Parks and Reserves	Core
Community Facilities	Core
Libraries	Core
Properties	Core
Aerodromes	Core

## Conclusion

3.10 The adoption of the attached policy provides for a consistent approach to activity management planning within Council and ensures plans reflect the strategic direction of the Long Term Plan.

## 4. Financial/Budgetary Considerations

4.1 There are no financial considerations required in adopting this policy

## 5. Options

5.1 Council's options for the policy are:

- (a) **Adopt the attached Activity Management Policy.**
- (b) **Adopt an amended policy with increased levels of Activity Planning for some or all activities.**
- (c) **Adopt an amended policy with decreased levels of Activity Planning.**

## **6. Evaluation of options**

### **6.1 (a) Adopt the attached Activity Management Policy**

The proposed levels of Activity Management Planning considered the factors set out in paragraph 3.8 and accordingly this is the recommended option.

### **6.2 (b) Adopt an amended policy with increased levels of Activity Planning for some or all activities**

Council could increase the proposed level of activity planning for one or all activities. This would be on the basis of increasing the importance of one or more of the factors set out in paragraph 3.8, for example if Council considered that customer expectations required a higher level of planning and protection for a particular asset or activity then the activity planning could be increased. The additional planning undertaken at each level is set out in paragraph 3.4 and results in increased knowledge of the asset or activity, and reduces the risk of failure of the activity.

The disadvantages of increasing level of activity planning is that the additional planning is expensive and may result in over planning and information gathering with little benefit compared to the risk and impact of the activity failing.

This option is not recommended.

### **6.3 (c) Adopt an amended policy with decreased levels of Activity Planning**

This option is the opposite of (b). There is little scope for reducing levels of activity planning as almost all activities are planned at the Core level. Transport, Water, Wastewater and Stormwater are the only activities that are at Core Plus and therefore could have their activity planning reduced. There would be some cost savings through reducing the levels of planning, but there would also an increased risk of these assets failing, as Council would have less information to plan and implement renewals and life cycle management.

This option is not recommended.

## **6. Significance**

- 6.1 Although the impact of adopting particular levels of service in the AMPs may be significant, the adoption of a covering policy is not significant.

## **7. Recommendation**

- 7.1 That the Activity Management Policy 11 August 2011 be adopted.

<b>8. Draft Resolution</b>
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**THAT the Tasman District Council:**

- 1. Receives the Report Policy on Activity Management Plans RCN11-08-.**
- 2. Approves Activity Management Policy dated 11 August 2011.**

**Mark Tregurtha**  
**Strategic Projects Adviser**

**Appendices:**

1. Tasman District Council Activity Management Policy dated 11 August 2011
2. Draft assessment of Engineering Activity Management Planning Levels by Waugh Infrastructure Management Limited
3. Assessment of Community Services Activity Management Planning Levels
4. Assessment of Environment and Planning Activity Management Planning Levels