Part B: Planning

Strategic asset management planning

DSDILGP leads the implementation of strategic asset management planning for all Queensland Government agencies through the SAMP framework and its guidance materials.

This guideline focuses on the parts of the SAMP that relate to government buildings. If there is a conflict between the guideline and the SAMP, the SAMP takes precedence.

Strategic asset management of government buildings focuses on the outcome or purpose of a building and guides decision-making processes over the entire life of the asset (i.e. planning, investment, procurement, management in use, and disposal).

A Strategic Building Asset Management Plan (SBAMP) promotes best practice in the planning, investment/procurement, management-in-use, and disposal of building assets in the Queensland public sector. In practice, the building construction asset class will be included with other asset classes as part of an agency's overarching SAMP.

Best practice requires each agency to develop a SBAMP. The SBAMP must comply with government priorities at the highest level yet ensure attention is given to key asset lifecycle matters such as fit-for-purpose design.

Strategic Building Asset Management Plan

Scope and application

This section assists agencies to develop asset management strategies through the SBAMP to contribute to the best use of assets in delivering services to the community in line with strategic plans, operational plans and service delivery strategies. Asset planning is a cyclical process contributing to the annual State Budget process and other strategic plans required under legislation and government policy.

An agency's SBAMP should complement the agency's strategic plan and provide:

- an analysis of key issues that influence the need for assets
- an examination of the appropriateness of existing assets (owned and leased)
- strategies to:
  - address demand by considering non-asset solutions[7]
  - meet the needs for new assets
  - achieve and maintain the level of performance for service delivery needs
  - dispose of assets no longer required.

Risks

Ineffective strategic planning for building assets can have unintended consequences, such as:

- failing to align with or support government, agency and/or community objectives, priorities and service delivery expectations
- insufficiently defined or communicated strategic direction
- building asset lifecycle management not regularly reviewed in response to changing strategic and operational contexts
- a building asset portfolio unable to adequately support service delivery.

Process

The implementation of effective SBAMP processes assists to:

- identify short and long-term asset-related needs to sustain service delivery in line with government expectations

[7] Examples are innovative models of service delivery such as telehealth implemented by Queensland Health.

- recognise emerging issues and risks
- develop an effective internal control structure
- increase the capability of agencies to incorporate a lifecycle approach to building planning and management, consistent with other plans required under legislation and government policy
- make more effective use and maintain existing building assets
- better allocate resources.

The SBAMP process for buildings should:

- conduct a strategic review of the building asset portfolio each year or after the strategic plan is updated to:
  - develop management strategies for building investment and procurement (including upgrades and refurbishments), maintenance or disposal
  - support strategic and operational plans and whole-of-government reporting requirements under the SAMP framework
- determine the agency's building asset needs, with all supporting information to be documented.

When initiating an agency SBAMP, the asset planning process should be based on needs identified through strategic and operational planning processes, such as:

- process inputs including:
  - service delivery requirements and strategies
  - previous SBAMP or similar building asset documentation
  - the relevant SMP
  - building management plans
  - financial and risk management plans
  - building performance information (records on the asset base should include details on both owned and leased property)
- process controls including:
  - agency-specific legislation and administrative arrangements
  - financial and accounting legislation
  - relevant government policies
- process mechanisms, including processes and systems that support asset management and service delivery (e.g. financial management systems, asset registers and business systems that enable the development of the SBAMP and documentation of stakeholder consultation and approvals).

When preparing a SBAMP, the following information should be considered:

- service delivery objectives, strategic and operational plans, and potential influences on the asset management environment
- optimum asset base required to support service delivery
- any non-asset solutions/non-build scenarios.

The SBAMP should ensure agencies:

- classify government building assets
- establish performance indicators and measures to assess building asset performance
- link building asset performance to service delivery objectives
- determine performance targets or benchmarks
- establish and maintain capacity to manage building asset performance
- review performance periodically.

The SBAMP process should undertake a gap analysis by identifying current and future asset needs and any asset base adjustments required, supported by:

- access to all relevant information on existing building assets
- knowledge of service demand trends
- awareness of the agency's strategic direction and objectives
- application of appropriate planning tools and methodologies – e.g. project management methodologies, cost-benefit comparisons, sensitivity analyses and other techniques suggested in the Project Assessment Framework (PAF).

If there is a conflict between this guideline and the PAF about the interpretation of strategic asset management planning, the PAF takes precedence.

The SBAMP should develop strategies to meet service delivery objectives identified in the analysis stage, to address demand by considering:

- non-asset solutions, e.g. sharing accommodation with other agencies or renting from the private sector where an adequate private rental market exists
- solutions that involve new buildings (using various investment and procurement strategy options)
- disposal or transfer strategies
- optimising building performance to ensure efficient and effective function and/or use.

The SBAMP should consider:

- adopting a lifecycle (or total cost of ownership or whole-of-life) costing approach to quantify the total cost of procuring a building
- engaging with stakeholders to determine opportunities for:
  - optimising the buildings' operational efficiency
  - integrating planning provisions (e.g. planning schemes, land use constraints) and demand-management strategies in decision-making processes
- articulating any key assumptions to facilitate a review of the strategic asset planning process for continuous improvement.

The process of compiling the SBAMP should:

- analyse key issues that influence the need for assets
- examine the appropriateness of existing assets
- develop strategies and identify funding implications to:
  - meet the need for new assets
  - maintain and achieve a level of building performance appropriate for service delivery
  - dispose of assets no longer required
- document the SBAMP by:
  - seeking comments and, if relevant, agreement from stakeholders before submission of final documents for senior management approval
  - including a provision to review and update the SBAMP each year.

Implementation

Agency SBAMPs should provide input into:

- the overarching SAMP for the agency
- project evaluations, including business cases and formulation of capital delivery programs
- the State Budget process (the agency SBAMP should be used to inform budget submission to seek funding through the annual budget process)
- SMPs
- asset disposal plans
- other specific-purpose plans required under legislation and government policy.

Monitoring and reviewing

Agencies should regularly review their SBAMPs to:

- ensure alignment with government priorities and policies
- confirm that building strategies for achieving and maintaining building performance are appropriate and relevant to operational requirements.

The review process should evaluate strategic asset planning strategies by considering if:

- the building asset is effectively supporting short and long-term service delivery
- the SBAMP is consistent with other agency-specific plans required under legislation and government policy
- improvements can be implemented to ensure effectiveness and consistency with government policy
- building asset performance information has been used to assist the asset planning process.

Lifecycle planning

Scope and application

The asset lifecycle covers the planning, investment, procurement, management in use and disposal of assets to best meet service delivery needs and potential, and to manage risks and costs over the life of the asset.

Best practice asset management is achieved by adopting a lifecycle approach, which uses transparent, informed decision-making processes.

Agencies are required to demonstrate sound analysis of project proposals when making submissions to government. This information is presented in a business case. Guidance on assessments related to the priority and affordability of project options and whether to develop a business case is available in the PAF Preliminary Evaluation guidance material.

Risks

Unintended consequences of not undertaking lifecycle planning include:

- failure to achieve optimal balance of operating and maintenance costs attributable to the use of the building relative to capital delivery investment and procurement costs
- capital costs being minimised without knowledge of the consequential impact on lifecycle costs
- deficiencies in asset planning and management processes which could result in assets that are inefficient to operate and maintain
- difficulty in determining whether refurbishment/renovation or an addition to a building will deliver better value for money than continuing to maintain a building no longer suited to its function or purpose
- inappropriate strategies for asset utilisation over the expected remaining life of the building.

Process

Lifecycle planning is a key asset management concept that considers the whole-of-life implications of acquiring, operating, maintaining, and disposing of a government building asset. It should be used when making decisions at both strategic and operational levels of capital delivery investment and building management.

The objectives of lifecycle planning are to:

- determine the total cost of ownership and operation of an asset to ensure service continuity
- establish a sound basis for decision making by evaluating the total cost of any investment decision, rather than just looking at the short-term impact or the initial capital costs
- identify the impact of refurbishment and maintenance decisions on asset disposal plans.

The lifecycle plan

Agencies should have an adequate lifecycle plan for each building that supports the agency's objectives. The plan should include, at a minimum:

- initial capital cost, including direct costs, such as fees, installation and the Asset Replacement Value (ARV)
- expected total life (in years) before full replacement (or, if this cannot be assessed, the facility's design life)
- estimated annual maintenance and operating cost of the building, referring to the SMP (which feeds into the agency SBAMP and SAMP) and estimated operating pattern
- expected timing and costs of major repairs, overhauls or refurbishments scheduled on an annual basis
- key assumptions used to identify the preferred option for timing and costs of repairs, overhauls, or refurbishments.

Lifecycle planning decisions

Lifecycle planning should guide decision making for each phase of the asset's lifecycle, including planning, investment and procurement, management in use, and disposal.

Planning considerations include:

- identifying management strategies, which could include the need for the asset
- referring to key policy documents, including the PAF, which address strategic planning assessments applicable to government building construction projects and the Business Case Development Framework (BCDF) in the preparation of proposals.

Investment and procurement considerations include:

- defining the need for the asset, such as:
  - service need
  - level of service/expected levels of service
  - demand analysis/projected demand
- evaluating the full costs and benefits associated with the project including value for money considerations as defined in the QPP
- testing viable alternatives, including the option of maintaining the status quo
- proceeding with the preferred option where it can be shown that benefits exceed costs
- evaluating feasibility of proposed projects, including an assessment of future uncertainties
- using a sensitivity analysis[8] to identify variables that may have a significant impact on project outcomes
- evaluating a range of scenarios, e.g. cost movements, demand, and demographic changes
- considering current and foreseeable market capacity challenges through supply market analysis and market sounding
- referring to the PAF Cost-Benefit Analysis for detailed information
- undertaking a detailed risk analysis of the financial, economic, budget, social and environmental impact of each option, to identify whether a new building, building refurbishment and/or alterations is the most appropriate. This analysis should be reflected in a business case which informs a decision on whether a government building construction project should be undertaken and, if so, which option represents best value for money
- determining the procurement method once the project and funding are approved.

Management-in-use considerations include:

- applying value for money principles when planning for maintenance and expenditure
- ascertaining if it is more economical to upgrade, replace or refurbish buildings rather than continuing to make repairs
- assessing the merits of proposals and test alternatives in terms of scope and timing by using lifecycle costing
- assessing the timing and extent of required refurbishments or enhancements through lifecycle planning, using building asset performance information such as:
  - broad scope and application of building asset performance management
  - key principles and elements necessary for effective management of buildings
  - operational costs and other aspects that influence the performance of an asset[9], such as annual operating cost, including:
    - ICT services
    - utilities including electricity supply, water supply, waste management services, gas, and fuel supplies
    - miscellaneous services including cleaning and hygiene services, security, health and safety, landscaping and gardening services, rates and statutory charges, building management services.
  - annual maintenance cost, including:
    - agency management/administration (including computerised maintenance management systems)

[8] Sensitivity analysis will identify variables that have the greatest impact on financial viability and areas which may require additional investigative work to ensure the validity and robustness of assumptions and of the outcomes of financial analysis. It may also assist in identifying key areas of project risk which may require initiative-taking risk management. It is therefore a key element in the financial evaluation of a project.

[9] That is capacity, functionality, location, condition, remaining life, statutory compliance risk, utilisation rate, and any department-specific, service-related performance indicator.

  - condition assessment
  - proactive maintenance (preventative, statutory and condition-based)
  - reactive maintenance
- deferred maintenance cost, including estimated cost of all maintenance work that has not been conducted within a financial year and is deemed necessary to bring the condition of the building asset to a required standard or acceptable level of risk
- estimated costs of operational and other aspects that influence the performance of an asset (e.g. capacity, functionality, location, condition, remaining life, statutory compliance risk, utilisation rate, and any agency-specific service-related performance indicators)
- periodic reviews of current and projected building asset performance to detect any changes, so plans can be made for either refurbishment, replacement, or disposal of the asset.

Disposal considerations include:

- Queensland Government Land Transaction Policy (QGLTP) requirements
- disposal based on decisions on service delivery and any agency obligations related to cultural heritage significance, community attachment or other government priorities
- SMP adjustment when an asset is to be disposed, so that only statutory maintenance is undertaken
- assessment of optimal timing and alternative methods for the disposal of an asset by using lifecycle costing techniques, noting some methods may incur capital expenditure to prepare the asset for sale.

Risk management

Scope and application

Risk management applies at every phase of a building asset lifecycle, including planning, investment, procurement, management in use, and disposal, and at the strategic management of a building portfolio. Risk, often specified in terms of an event or circumstance and the consequences that may flow from it, is measured in terms of the likelihood or probability of an event, and the potential consequences.

Risk management is an iterative process that should be embedded into existing practices by:

- establishing the context of risk management including identifying risk type such as operational or reputational risks
- setting the scope and boundaries of the application of risk management
- developing risk criteria
- identifying, analysing, evaluating, treating, monitoring, reviewing, and communicating risks associated with relevant activities, functions, or processes.

Risks

Without an appropriate risk management regime for project planning and delivery and the maintenance and disposal of building assets, agencies may fail to:

- recognise and manage risks associated with building health, safety, security and functionality
- avoid or mitigate the impact of natural disasters
- identify opportunities and threats and establish a rigorous basis for decision making and building planning
- manage the risk impacts associated with perceptions of stakeholders and the community relating to government buildings, government services and client/supplier relationship between the government and industry.

Process

Risk management is a systematic process to identify, analyse, assess and treat risks that may affect an organisation's objectives.

For risk management to be effective, agencies should integrate and align their agency's objectives, priorities, and strategic direction with the principles in the AS ISO 31000:2018 Risk management – Guidelines.

The risk management process should:

- ensure all potential risk events are appropriately identified, communicated and consulted with stakeholders including:
  - other government agencies
  - building users/occupants, service planners and building managers
  - maintenance service providers
  - building consultants and contractors
- harness risk identification tools and techniques including checklists, flowcharts, scenario analyses, studies, and engineering techniques
- analyse risks, identify existing process controls that minimise the likelihood of a risk event and consequences, along with mitigating factors that could reduce the nature, frequency, or damaging effects of such events
- evaluate risks, making decisions based on:
  - analysis related to risk treatment and treatment priorities
  - risk criteria established in the first stage of the risk management process
  - the asset's criticality to service delivery and the complexity of buildings in the agency's portfolio.
- conduct condition assessments, noting agencies must conduct such condition assessments for all Queensland Government buildings at least every three years, or more frequently depending on the nature of the building, its building elements, and services
- treat risks, determine and assess treatment options for unacceptable risks, and prepare and implement risk treatment plans by:
  - risk sharing or transfer, with responsibility for management of certain risks shared with or allocated to another party through contractual agreements, insurance or other means
  - risk avoidance, with an informed decision to eliminate the risk, e.g. cancelling a project or seeking alternative methods of project procurement
  - risk reduction, with appropriate techniques and management approaches selectively applied to decrease either the likelihood or the negative outcomes of the risk, e.g. having a backup diesel generator for a health service facility to lessen the impact of power outages, or incorporating specific design solutions to address identified changes in climate.

Compilation of the risk management plan should consider:

- management components and resources to be applied to the management of risk
- how risk management is conducted throughout the organisation
- the responsibilities and the strategies to identify and manage risks
- prevention, detection, and management responses to identified risks related to the planning and delivery of projects.

The risk management plan should reflect risk management plans for buildings in the agency's strategic and operational plans.

Once implemented, the risk management plan should be monitored and reviewed regularly. It may be necessary to repeat the risk management cycle if factors affecting suitability or cost treatment options change significantly.