

Asset Planning for Buildings

This guideline will assist agencies to develop management strategies that will contribute to the best utilisation of assets in the delivery of services to the community in line with strategic plans, operational plans and service delivery strategies. Asset planning is a cyclical process which should provide input into the annual State Budget process and other strategic plans required under legislation and Government policy.

For the purposes of this guideline, the terms 'asset', 'building' and 'building asset' have the same meaning and are used interchangeably. Similarly, the term 'agencies' is equivalent to 'departments' (as defined in s8 of the [Financial Accountability Act 2009](#)).

The concepts contained in this guideline are consistent with the requirements in the following legislation and policy documents:

- [Agency Planning Requirements](#) (Department of the Premier and Cabinet)
- [Building Asset Performance Framework](#) (Department of Housing and Public Works)
- [Capital Works Management Framework](#) (Department of Housing and Public Works)
- [Financial Accountability Handbook](#) (*Information Sheets 2.10 Planning and 3.8 Property, plant and equipment systems*) (Queensland Treasury)
- [Financial and Performance Management Standard 2009](#) (Queensland Treasury)
- [Maintenance Management Framework](#) (Department of Housing and Public Works)
- [Non-Current Asset Policies for the Queensland Public Sector](#) (Queensland Treasury)
- [Project Assessment Framework](#) (Queensland Treasury)
- [Total Asset Management Plan \(TAMP\) Framework](#) (Department of State Development, Manufacturing, Infrastructure and Planning)

In the *Financial Accountability Handbook* (prepared by Queensland Treasury in accordance with the *Financial and Performance Management Standard 2009*) there is an expectation that agencies with a significant asset base will consider asset planning as part of overall agency planning processes. This enables agencies to implement the provisions of Section 23 (2) (b) of the Standard, which requires agencies to undertake an evaluation (generally referred to as a business case) prior to acquiring, maintaining or improving a significant physical asset.

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Significant assets are defined as “those assets with a high dollar value, those that provide a key role in the delivery of agency services, or those that bring potential high risk to agency operations in the event of failure”.

An agency Asset Plan¹ should complement the agency Strategic Plan² and provide for the:

- analysis of key issues that influence the need for assets
- examination of the appropriateness of existing assets (owned and leased property)
- development of strategies to:
 - meet the need for new assets
 - achieve and maintain the level of performance appropriate for service delivery needs
 - dispose of assets that are no longer required.

Benefits

The implementation of effective strategic asset management processes will facilitate:

- identification of short and long-term asset related needs to sustain service delivery directions, in line with the Government’s expectations
- recognition of key emerging issues and risks
- development of an effective internal control structure within which improvements to asset management are effected
- increased capability of agencies to incorporate a life-cycle approach to building planning and management consistent with other specific purpose plans required under legislation and Government policy
- more effective use and maintenance of existing building assets
- better allocation of limited resources.

Risks

Potential consequences of ineffective asset planning include:

- inappropriate identification by agencies of short and long-term asset management needs which may lead to poor decisions in relation to the planning, management, maintenance and disposal of buildings. This could ultimately have a negative impact on the agency’s ability to deliver services and meet government expectations
- a lack of objectivity by agencies to explore other than build options when developing strategies to address service delivery objectives and plans
- underutilisation of the Queensland Government’s asset base
- misalignment of the Queensland Government’s assets with service delivery objectives.

¹ An agency Asset Plan may be part of an agency’s strategic and operational plan.

² A Strategic Plan is defined in the *Agency Planning Requirements* (Department of the Premier and Cabinet) as “a concise document used by an agency to describe its vision, purpose, objectives and performance indicators”.

1.0 The asset planning process for buildings

Agencies should conduct a strategic review of their building asset portfolio each year or after the strategic plan is updated to:

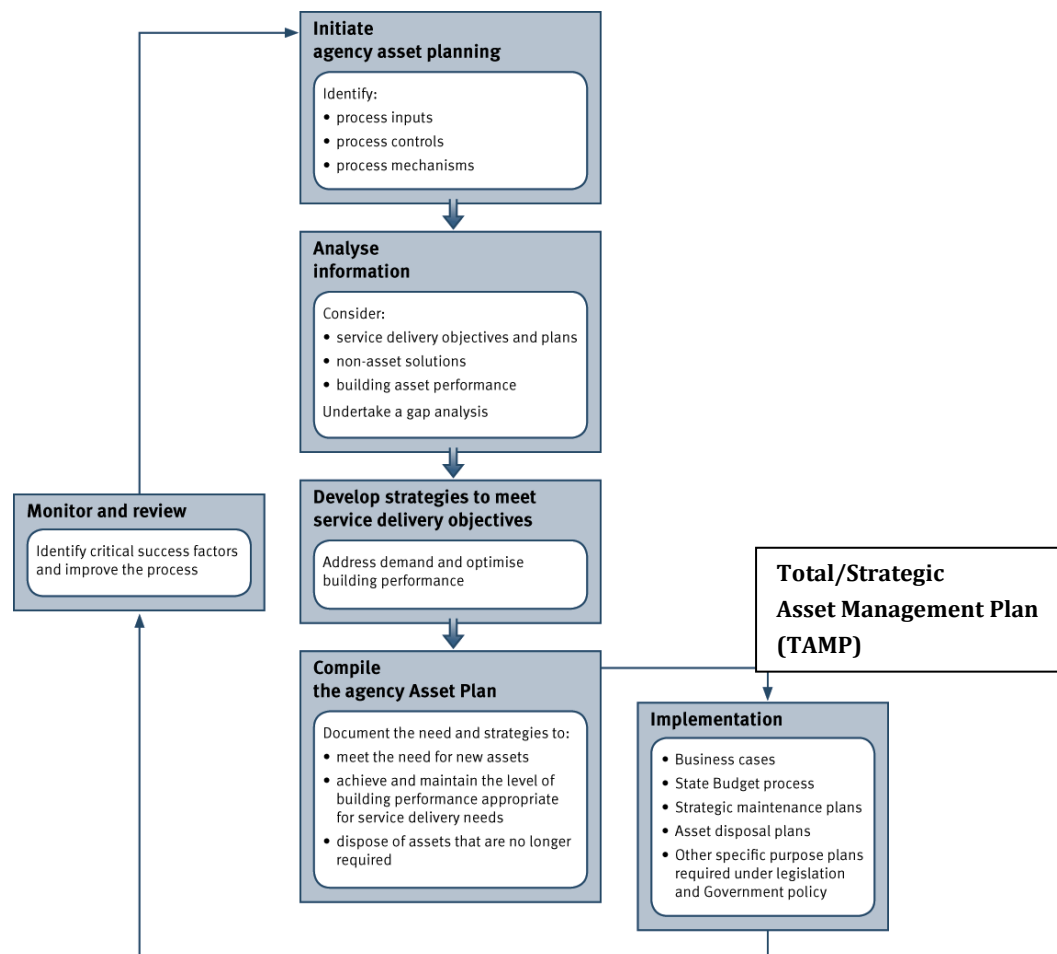
- develop management strategies for building investment/procurement (including upgrades and refurbishments), maintenance or disposal
- support strategic and operational plans and whole-of-government reporting requirements under the [TAMP Framework](#).

Once determined, the agency's building asset needs, along with all supporting information (refer to Section 1.4 Compile the agency Asset Plan) are documented in the agency Asset Plan (building component).

The Asset Plan links with other agency strategic plans including those addressing financial, human resources and information systems (as the enabling resources for the achievement of agency objectives for the delivery of services).

The capacity of agencies to implement effective asset planning for buildings will be enhanced where it is supported by an appropriate building performance regime. The principles and elements for establishing such a regime are explained in the [Building Asset Performance Framework](#) (BAPF).

Figure 1: Key stages of the agency asset planning process for buildings.



1.1 Initiate agency asset planning

The agency asset planning process should be based on asset needs identified from strategic and operational planning processes. The key activities involved in initiating strategic asset planning processes include identifying:

- **process inputs** including service delivery requirements and strategies, previous strategic asset plans, strategic maintenance plans, building management plans, financial and risk management plans, and 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, Government policy, etc.
- **process mechanisms** and sourcing of the information from processes and systems that support asset management and service delivery (for example, financial management systems, asset registers and business systems which enable the development of the Asset Plan and documenting stakeholder consultation and approvals).

1.2 Analyse information

This analysis should include information related to:

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

The BAPF, where appropriately established within agencies asset management processes, can help agencies by informing the strategic asset planning processes and decisions to meet whole-of-Government requirements and departmental priorities.

In accordance with the requirements of the BAPF, agencies need to:

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

1.2.1 Undertake a gap analysis

Having identified the current and future asset needs, a 'gap analysis' can be undertaken to identify any adjustment required to the asset base.

Successful analysis is facilitated by:

- having all relevant information on existing building assets available
- knowing the trends in service demand
- being aware of the strategic direction and objectives of the agency
- applying appropriate planning tools and methodologies (e.g. project management methodologies, cost/benefit comparison, sensitivity analysis and other techniques suggested by the [Project Assessment Framework](#)).

1.3 Develop strategies to meet service delivery objectives

Developing strategies involves the identification of strategic actions to address service delivery needs arising out of the analysis stage. The actions will need to:

- address demand by taking into account:
 - non-asset solutions, which may include, for example, sharing of 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/procurement strategy options)
 - disposal/transfer strategies
- optimise building performance (i.e. ensure that assets perform more efficiently and effectively in respect to functionality and/or maximum utilisation).

During this stage, consideration should be given to:

- adopting a 'life-cycle' (or 'total cost of ownership' or 'whole-of-life') costing approach to quantify the total cost of procuring a building
- engagement with stakeholders³ to determine opportunities for:
 - optimising buildings' operational efficiency
 - integrating planning provisions (i.e. planning schemes, land use constraints) and demand management strategies in the decision-making process
- articulation of key assumptions to facilitate the review of the strategic asset planning process for continuous improvement.

³ The term 'stakeholders' in the context of asset planning for buildings means capital procurement/investment and maintenance planners, asset user representatives and other relevant stakeholders. Other agencies can become stakeholders, including Queensland Treasury and the Department of the Premier and Cabinet, for whole-of-Government planning and risk management and the Department of Housing and Public Works, for technical aspects leading to procurement, maintenance or management of government buildings.

1.4 Compile the agency Asset Plan

The agency Asset Plan should identify the outcomes of the:

- analysis of key issues that influence the need for assets
- examination of the appropriateness of existing assets
- development of strategies (and funding implications):
 - to meet the need for new assets
 - for achieving and maintaining the level of building performance appropriate for service delivery
 - for disposing of assets that are no longer required.

The process of documenting the plan should involve seeking comments and (if relevant) agreement from stakeholders prior to the submission of the final document(s) for approval by senior management, and in the format for the TAMP submission (the submission should address the issue of public access to the agency Asset Plan/TAMP).

It may be appropriate for the agency Asset Plan to cover a period of ten years, with a description of likely emerging infrastructure challenges and opportunities for an additional five years. Departments should review and update the plan each year, or as deemed necessary, after the strategic plan is updated.

1.5 Implementation

The agency Asset Plan should provide input into:

- project evaluations (including business cases⁴) and formulation of capital works programs (in accordance with the [Project Assessment Framework](#) and the [Capital Works Management Framework](#))
- the State Budget process. The agency Asset Plan should be used by departments in preparing budget submissions which seek funding through the annual budget process
- strategic maintenance plans (as required by the [Maintenance Management Framework](#))
- asset disposal plans
- other specific purpose plans required under legislation and Government policy.

1.6 Monitor and review

Regular review of the Asset Plan for buildings is necessary to ensure its alignment with government priorities and policies; and confirm that building strategies for achieving and maintaining the level of building performance are appropriate and relevant to operational requirements.

⁴ In relation to business cases, Building Queensland works closely with agencies providing strategic advice on business cases for projects where potential government investment exceeds \$50 million or leading preparation of business cases, where investment exceeds \$100 million.

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In reviewing and evaluating the strategies adopted as a result of strategic asset planning, the following questions need to be addressed:

- Is the building asset effectively supporting the delivery of the service (in the short and long-term)?
- Is the Asset Plan consistent with other agency specific purpose plans required under legislation and Government policy which are identified on the first page of this document?
- What improvements to strategic asset planning can be implemented to ensure effectiveness and consistency with the policy focus of the Government?
- Is building asset performance information (refer to the BAPF) used to assist the asset planning process?

The suite of guidelines which comprise the *Strategic Asset Management Framework* (available online at www.hpw.qld.gov.au) is organised under the following categories:

1. **Overview** - explains the principles and concepts of strategic asset management as they apply to buildings.
2. **Guidelines** - expand on key aspects of strategic asset management to inform decisions over the entire life-cycle of the asset.
3. **Decision-making methodologies and guidelines** - support agencies to implement best practice strategic management of buildings.

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Enquiries should be directed to:

The Manager
Building Policy and Practice
Building Industry and Policy
Department of Housing and Public Works

GPO Box 2457
Brisbane Qld 4001

bip@hpw.qld.gov.au