AMQ International's
328

STRATEGIC ASSET MANAGEMENT

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Community Service Levels

An idea whose time has come.

At the IPWEA Conference held in Canberra in 2011, there were no fewer than 11 papers that looked at community service levels. Moreover they were not merely saying that assets are there to serve a purpose (which we have talked about for a long time). No, they looked at different ways in which we could operationalise this concept.

Why now?

Richard Jarvis suggests the simple answer:- that we have largely got on top of our technical problems - we have the databases, we have the tools, the asset management plans, the policies and the strategies. We have a good understanding of the technical capabilities of our assets. It is time to move on and take the next step.

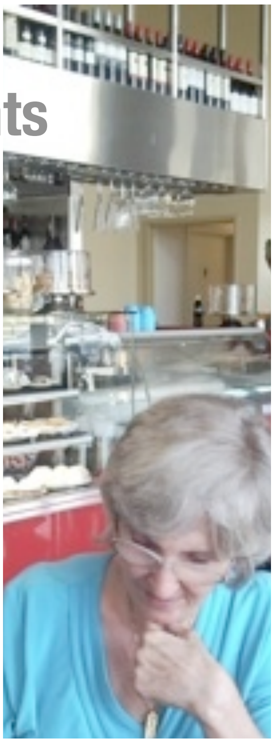
I agree. We have worked hard to get efficient operations. The next step is Effectiveness. So important is this next step that I am devoting the next 3 issues of SAM to an exploration of how we can move forward. I don't think that any of the presenters, whose work we will explore, would claim that they have the ultimate answer. But they are focusing on the key question.

In this issue:

Mick Raby introduces the notion of community service levels and reveals why it is set to change the way we operate. And I talk with both **Brian Milne** and **Julie Nimmo** about the approaches that they have taken.

As always, please consider - and enjoy!
Penny

Dr Penny Burns, Editor
AMQ International
08 8359 0559



Coffee ShopThoughts

Question Time - and what we are doing in this 3 part series.

My favourite part of any conference presentation - whether I am making the presentation myself, or whether I am in the audience - is question time. This is the time when the presenter finds out what in his/her paper has struck a chord with the audience. And it is the time when the audience learns from the assembly. At the very first paper I presented on asset management (to the National Accountants in Government Conference in Perth in February 1987), question time went for over an hour! Fortunately it was at the end of the day or that would never have been possible.

Nowadays, unfortunately, question time is cut short, a few minutes at the most and no time for exchange or development. Instead people are scrambling to move to the next presentation or to be first in the coffee line.

As a small correction, I have selected three of the presenters on community service levels and spent 45 minutes with each on the phone. Two of them - Brian Milne and Julie Nimmo - are presented in this issue and the third, Richard Jarvis, will appear in SAM 329. Two more will be presented as mini case studies. We will, however, attempt to cover each of the eleven papers in this three part series, if not as in-depth interviews, at least in terms of the broad approaches taken by each and the questions they raise.

I have selected Mick Raby to introduce the topic because I enjoyed his paper so much. (I have read it several times and if you want to get serious about community service, I can do no better than to suggest that you do the same!)

In each of the three issues in this series, I would like to raise some general questions that it will help to keep in mind. You will need answers to them when you come to do your own work.

Our starting questions are these:

> What is the difference between a Community Service and a Community Service Level?
>
> Can Community Service aspirations be developed generically, or are they specific and unique to each community?

A WORKS GUY'S THOUGHTS ON ASSET MANAGEMENT THEORY AND PRACTICE

Mick Raby,

Asset Management Is Simple

Up until now my life has been relatively simple. I have worked hard to gain an understanding of the theory and modelling which underpins pavement degradation curves. I therefore know that the best possible time at which to rehabilitate or renew a road is equal to the point on the degradation curve where the tangent to the curve is equal to 45 degrees. I have faith in the mathematical construct of the curve. There is a feeling of 'science' surrounding it. I can (and have) wielded it in the manner of a defensive weapon in budget meetings. Finance Guy has no answer to it. He tries to overcome the inherent logic of my degradation curve each year. But each year he eventually bows before its mighty power.

I fear though that there is a threat to my simple existence.

I may have misheard, but my first briefing on Asset Management Theory sounded very much like…..……..

> *'the Weighted Attribute Method of Optimised Deprival Valuation enhances the Reliability Centred Movements in non-current Equity across all Depreciated Corrective Approaches and will therefore push Council's Current Net Realisable Equivalents to an Optimised Position of Value Based Decision Processes"………*

at which point I found myself wondering whether I was being told in a roundabout way to up the ante on the Pot Hole Crew's daily target by half a tonne, or perhaps I had stumbled into the wrong meeting room altogether.

I did spark up briefly when I heard the word "maintenance" mentioned twice in quick succession. I wondered seriously whether I should nod sagely at that point because whenever that particular word was mentioned people tended to look in my direction. I decided to wait a few seconds before committing and ended up losing my chance altogether as the discussion turned to the benefits of a SCRIM which turns out to be a wonderful machine capable of conducting Sideways Coefficient Routine Investigations, would you believe! Apparently real Asset Management is very difficult to achieve without having at least one SCRIM on the plant register. Great, I thought! One of those will certainly assist in "managing the cost/benefit ratios of the non-conforming failure modes".

No. Really, What Is It?

As near as I can tell current Asset Management Theory now rests on the fundamental principle that an Asset exists only to deliver a Service. I say “current” because things tend to change over time and this is certainly the case with the ways assets have been managed. So in the current state of play the Asset itself is now placed into a position of secondary importance to the Service it creates. The Service, in turn, is intended to have a beneficial multiplier effect on the economic, social, or other “quality of life”processes of the community for whom the service is provided.

In the case of a simple local road Asset the services delivered by the asset may include for example the ability for people to move easily from home to work and back again, or the ability to conduct commerce in the form of going shopping and transporting goods. Without the road it would be difficult for the community to continue functioning at its current level. Our ‘road’ therefore has a beneficial multiplier effect on cohesion and the local economy.

Any Asset, according to Asset Management Theory (AM), is therefore important only insofar as it supports the community to access the service which flows from its existence, and the service itself is important only because it beneficially multiplies or enhances some worthy aspect or aspiration of a community’s existence.

We can extend, if we wish, this line of reasoning to consider the case of a park which might possibly exist to supply things like “recreational” services to its community. Using AM theory we are unable to make statements such as “this is a good park”, or, “this is a bad park” unless and until we have a very good understanding of two things that have nothing to do with the state of the turf or the playground.

The first thing needed is a clear view of just which community aspect or aspiration we are attempting to enhance or multiply with the park. The second thing is a clear understanding of the mechanisms by which we thought the park was going to achieve this.

Then with some logic we might say “this is a good park” by which we actually mean something like “this park is enhancing the community aspiration we set out to enhance, and, the park is enhancing this aspiration by the exact mechanism we intended”.

Why Is That Important?

This logic also applies to roads and other asset classes which require periodic renewal. One important interpretation which flows from such a view is that we are no longer necessarily bound to categorise a road as in need of repair/renewal based only on engineering criteria. This interpretation of the Theory strongly suggests that we should also focus on the Service rather than the Asset when attempting to arrive at decisions, including decisions relating to Maintenance and Renewal of the asset itself. But what does that really mean?

The Service First principle can lead us to a reasonable conclusion that one important role for Works Guy is to intervene whenever the Asset's condition causes, or threatens to cause the service provided by the asset to fall below the planned standard. What "planned standard" are we measuring against – the planned standard for the Asset, or the planned standard for the Service delivered by the Asset?

Do we mean that intervention in the form of Maintenance or Renewal is definitely required when the "tap has started leaking" or better still, in advanced level AM, "shortly prior to the point when the tap starts to leak"? The tap was certainly designed (in engineering terms) not to leak. When it is measured against that standard (the Asset Standard) the fact that it is now leaking clearly puts it outside its design and performance specifications. The tap is no longer of "Satisfactory" standard against this Engineering based performance target. In the past this has been cause enough for immediate intervention.

Intervention may no longer be triggered by asset condition alone

But this may no longer necessarily be the case in the Service First analysis where the "planned standard" is really the point at which the community perceives the service "Satisfactory".

Therefore, when we overlay the Service First view of life we might, with equal reasonableness, argue (assuming the tap still provides safe water on demand despite its leaking condition) that the tap should be left to leak IF the cost of not acting is less than the cost of acting, because the tap is "Satisfactory" when measured against the Service-based performance standard set by the community.

This sounds like a complex argument. It is not necessarily so. It simply means that Depreciation of an asset should be based on consumption of the asset's remaining Service potential ***based on the community's highly subjective definition*** of Satisfactory; and not on the consumption of Service potential as defined by objective engineering measures of Asset degradation curves.

If you are up for a challenge you might try arguing that one with the auditors of your next set of Annual Financial Statements. It's our own fault however. We have spent so many years convincing Finance Guy of the infallibility of our Degradation Curves that even he now believes it to be so.

What if asset condition and community service perceptions differ?

Regardless of the difficulty in synthesizing the two key measures of Asset and Service, interesting discussions can follow whenever the two measures do not correlate closely. It is for example possible that the community may define the level of service they receive from a potholed and patched road as ‘Satisfactory’ despite an engineering based Condition Assessment which indicates renewal is overdue.

This situation is especially likely to arise when a community is both well informed and has been truly engaged in deciding what services, at what levels, and at what costs, will be delivered by a council or other provider. This is exactly the situation which is intended to apply in the future NSW under the recently imposed Integrated Planning and Reporting Framework.

Under this Framework, the Community (which is assumed to be fully apprised of both the financial limitations of the overall council budget, and the potential service portfolio which can be sustained by that budget) is drawn deeply into the consultative processes by which local government agencies will decide and allocate their future scarce resources. It is a very pure form of the democratic ideal. Like all idealistic notions it is both incredibly worthy and incredibly difficult, all at the same time. Under this Framework, the communityidentifies which services they wish to have delivered and to what level. The parties then discuss the costs of delivering those services, at those chosen levels. Budget vs Expenditure parity is achieved by two primary mechanisms: the community presumably agrees to trade off their least valued services or agrees to downgrade individual service levels to the point they are willing to actually pay for. Secondly, but probably more rarely, the Community may even agree to pay more (through increased Council Rates or Levies) if they perceive the added utility of an increased service level exceeds the cost they will have to pay for it. It is a noble attempt to unleash the classical microeconomic tendencies of the Community onto the otherwise monopolist operations of local and state government. If it works there are obvious benefits to both parties. If it works.

If it works!

Managing assets, which are designed to assist in delivering a defined service to the Community, will become an eminently more exciting endeavour under these conditions.

Mick Raby is Manager City Works, Fairfield City Council. He was appointed City Works Manager in 2005. He holds a Batchelor of Economics degree from the ANU undertaken following a full time career in the Australian Army. He may be contacted at mraby@fairfieldcity.nsw.gov.

Mick will continue this introduction in the next issue.

But before he does, let us look at two papers, also presented at the IPWEA Conference in Canberra, which attempt to put some flesh on the bones of this new Service Framework.

Using "Yardstick" benchmarking information to develop service levels for Parks

Brian Milne

> **"Levels of service drive everything we do in an organisation: planning, development and delivery. However, as an industry, we're not very good at defining them"**

What is "Yardstick"?

Yardstick is an international benchmarking initiative established in 2001 in New Zealand by local authority park managers and introduced into Australia in 2005. Coverage of councils with significant park assets in New Zealand is almost complete and there are now 30 Australian members participating in Yardstick which is endorsed and operated by the IPWEA in partnership with the New Zealand Recreation Association. The project involves park agencies (generally local authorities) subscribing to the project and participating in the annual survey. Information collected covers: levels of service, financial information, best practice, asset management and policy and planning.

Approach taken

Rather than engage in extensive community consultation which is both difficult and expensive, this approach seeks to use information already provided by councils for the Yardstick benchmarking exercise including Visitor Measures, user surveys. This provides a reasonably uniform approach across the industry which is a quick and cost effective method to obtain customer feedback to develop and monitor levels of service.

Park Category	Description
Sport & Recreation	Sport and recreation activity, recreation facilities and buildings, often multiple use
Neighbourhood	Local, informal recreation, play and amenity space
Public Gardens	Horticultural collections for relaxation/contemplation, education and /or amenity
Nature	Experience and/or protect the natural environment: native bush, coastal, forestry, farm parks, wetlands and water bodies
Cultural Heritage	Restoration, protection and enhancement of built heritage environment and cemeteries
Outdoor Adventure	Recreation activities and built facilities, requiring a large scale non urban environment
Civic Space	Social and community open space and events
Recreation and Ecological Linkages	Open space, linkages and corridors, water margins

The strength of the Yardstick approach is that

(1) it explicitly recognises the very different types of parks (and the services that they provide) - *see table opposite.*

(2) unlike many other studies that look only at the asset managers' or maintenance managers' interests, this deliberately seeks out what is important to planners, developers, architects and others critical to the provision of parks. To help parks asset managers think through all of the related service issues, they are categorised as follows:

Provision:

This deals with the number, location, accessibility, size and type of parks provided. Provision levels of service drive park land acquisition and disposal strategies, inform development guidelines for developers.

Development:

The standard to which the parks are developed, what facilities and assets are provided and to what standard. Development levels of service drive new capital programmes, depreciation schedules,renewal capital programmes and inform development construction guidelines for developers.

Operation:

The standard to which the parks and facilities are maintained and operated e.g. grass mowing, weed control, bin servicing (service standard or specification)

There are two types of language that levels of service can be expressed in. These are referred to as **Customer** or **Technical** levels of service (LoS).

Customer LoS

- Described in a language that is meaningful to the customer
- Focus is on the values (of the customer)
- Describe what we intend to deliver

Technical Los

- Terminology that's meaningful to managers and operators
- Describe how we deliver the service
- Can provide basis for measurement

'For the purpose of this generic level of service framework, a mixture of customer and technical terms are used to provide a comprehensive description.'

DISCUSSION

Penny: **Your Service Level statements seem to be predominantly related to technical rather than customer services**

Brian: Yes, for customer input we would need to go out to focus groups and community surveys and that is expensive but we do use input from the Yardstick visitor surveys. But mostly we thought that the first step in the exercise was to be able to describe consistently and accurately what councils were currently doing and to cover all the bases. Generally the parks industry has very few standards to fall back on - this leads us to constantly having to defend or justify development and maintenance funding - therefore there has long been a strong interest in developing industry standards for parks - but not lot of progress so far! - other than in the playgrounds area.

Penny: **Your focus at the moment seems to be on the nature of the services themselves rather than in describing a range of possible levels, would that be correct?**

Brian: Yes, but we think that we have presented a base level for each type of service. In my view - most of our communities have a fairly consistent expectation of the standard they want parks developed and maintained to - The visitor measures survey results across a range of communities support this view. It is really just minor variations and preferences that are reflected at a local level - and a level of service framework should enable these variations to be reflected.

Penny: **I am intrigued by the measure you have developed of "Service Level Gaps".** I notice that these are defined as the difference between the importance ratings for any service and the satisfaction rating for that service - as determined by the visitor surveys. So if a service, says trees in the park, gets an importance rating of 4 but a satisfaction rating of 3.3, you would have a 0,7 'service gap'. Is that the idea - and how do you use these 'gaps'?

Brian: Well, many councils take part in household phone surveys but the information gathered is too high level to be useful for asset managers - an overall 90% (or 75%) satisfaction level doesn't really tell us what action to take, but Yardstick information pinpoints areas for attention. Generally a "gap" of greater than "1.0" identifies areas for attention. The value of identifying importance (as opposed to just satisfaction) of services relative to one another is very valuable in developing levels of service as it enables managers to prioritise effort and resources.

Penny: **You listed a great many services** from playing surfaces to transport provision, public toilets, changing rooms, gardens, buildings, and drainage & irrigation amongst others - I count 23 in all - **do you ask questions relating to all of these in your visitor surveys?**

Brian Yes, they are generally all asked – if relevant to the park being surveyed. This reflects the range and complexity of the services that parks provides and that managers need to deal with.

Penny: **Finally, what suggestions would you have for others wanting to move down the service level path?**

Brian: Make sure that you speak to everyone, planners may be mostly interested in land allocation, architects will look at development, everyone will have a different aspect.

Brian Milne has over 30 experience in all facets of parks, recreation and community facilities management. He has been involved with Yardstick for 9 years. He is Director of Xyst, a company that specialises in parks and recreation consulting.

His paper to the IPWEA Conference in Canberra, September 2011 "Levels of Service: how to set and measure levels of service for Parks and Recreation" was the basis for our conversation and a full copy of the paper is available from Brian at brian@yardstickglobal.com

Collecting and Using Community Value information

Julie Nimmo

"Levels of service are often not articulated in the corporate planning process in such a way that they provide clear direction for the operation of infrastructure assets"

What community values might this streetscape support? which values might it hinder?

The following is based on a conversation with Julie Nimmo reflecting on the paper, 'Aligning assets with community values", that she presented at the IPWEA Conference in Canberra in September, 2011.

General Approach Taken - Analysing Survey Data

Julie's paper looked at how information on community values could be collected and how it could be used.

"To demonstrate the practical methods used for collecting information on community values to inform customer levels of service, ten Southern Sydney examples of primary data (from a possible 24 research studies) were selected for review. The data collected encompassed formal gardens, local shopping centres, regional parks, stormwater management and open space, heritage parks, beach landscapes and estuarine and freshwater riverine landscapes.

The studies used survey questionnaires with closed and open ended questions to collect data that provided intrinsic information and information on ranking and priorities between locations and between site specific landscape elements. The information is then combined with values associated with individual and personal statements about the parks, natural areas and open space under investigation. Surveys were a combination of self-complete (both via internet and paper based0 and interviewed administered (either by phone or face to face)"

Julie specialises in developing community surveys that draw out the values important to communities, using both closed and open ended questions.

For example, consider the following response to a community survey.

> 'When my children were toddlers they would take turns at being the leader and following the paths and crossing the bridges throughout the gardens'

Implication: The gardens fulfil a play function for young children. They require a good path design and maintenance, not wide pats; small scale bridge design and maintenance; pruning of vegetation to retain sight lines. Design and maintenance should include unobtrusive provision of fencing and barriers with facilities such as seating and leaning walls for supervising adults. A playground is unlikely to meet these criteria because of the space required to permit 'alternate leaders', the lack of multiple paths and limited bridges.

Discussion:

Penny: **Earlier in our conversation you made the distinction between a 'want' and a 'value', would you care to elaborate on that?**

Julie: There is a big difference between 'community wants' and 'community values'. Wants are usually expressed in terms of pre-conceived asset 'solutions' e.g. more park benches and usually reflect a short term situation. Values tend to be longer lasting and reflect desirable community outcomes - but they do not specify the means by which the outcomes are to be achieved, e.g. a need to rest whilst watching over young children, where a wall to lean on might provide a better solution, or for quiet contemplation - where a grassed area might work well. The research process focuses on identifying community outcomes to refine the design brief should achieve, rather than developing community shopping list.

Penny: **Short of commissioning a specific survey, is there any way that organisations can come to understand their community values better?**

Julie: As I said in my paper, councils' existing data sources can include at a corporate level, satisfaction surveys; community priority surveys and corporate management plans. But whilst the data from this research provides initial benchmarks for customer levels of service and may drive strategic asset management planning the information is aggregated and not sufficiently fine grained.

Detailed information on current condition and desired levels of service may be found in existing reports and documentation in site or locality specific plans of management, design plans, development control plans and the like. These documents are often disbursed throughout the organisation, contain information gathered for different purposes or information may not be transferable to other purposes."

Penny: **So what would you suggest organisations do to get the best information on community values out of this existing data?**

Julie: Design briefs, landscape plans or conservation management plans often yield valuable insights into community values. However, drawing out the value, and thus the asset, implications from community survey responses such as the one above, or from existing documentation, requires input from a variety of specialists from asset managers to landscape planners, architects, and client/customer services. It is very much a 'group' process. It is a good idea to set up a working group within the organisation drawing maybe on landscape architects, client services personnel, planners and others whose work directly with the community can help in the interpretation. But, at least at the beginning, when drawing up a series of questions to ask of the documentation is important, it could be quite useful to draw in an outside specialist in this field.

Penny: **Other suggestions?**

Julie: Well yes, it is more manageable and outcomes are surer if you start with just a few key assets in any category, that is not 'all parks' but just 2 or 3 key parks.

Penny: **What are the major difficulties that you experience in using your community surveys or existing data?**

Julie: One is not getting involved early enough or having sufficient time to find the data needed!   Often we only get called in when something has gone wrong and an urgent solution is needed.   The other is recognising that Community survey and question design is a specialist field. Often people think they are asking one question but to the respondent it is a completely different question.

Penny: **I take it that there are ways around these difficulties, so any answers here?**

Julie: As to the first, with just a little bit of lead time, and if the asset manager is willing to discuss what is needed, the whole process of discovering community values can go quite smoothly. Organisations often have the knowledge and it is a matter of knowing where to go and who to ask. Sometimes, it's just saying "I know it has to be here somewhere' until someone gives you an answer

And for the second, simply - if you're not sure how you are going to use the information, don't ask the question!

Penny: Thanks, Julie, as a final question, **what general suggestions do you have for those who are ready to start collecting community value information?**

Julie: Don't assume you know the community values, it's possible the organisational focus has been very localised on the 'noisy few' and with shrinking budgets, organisations need to consider the broader community.

Try looking for place and asset specific information. Much information already exists within organisations. Let others in the organisation know that you have an interest in any documentation such as design briefs or surveys that have already been conducted. Write about it in in-house magazines. Do this jointly with the Asset Manager. Get the word out.

Dr Julie Nimmo is a Strategic Planner delivering practice based research, consultation and management information. From 2008 to 2010 she was the Project Manager for the Upper Georges River Urban Sustainability Program, managing a $2 million budget. Julie completed a Master of Landscape Architecture in 2003 in Germany. Recent projects for the Sutherland Shire Council include: Documentation of community values for the following Council assets - EG Waterhouse National Camellia Gardens; Gymea Shopping Centre (2010), Sutherland Shopping Centre (2011) and Cronulla Beaches (2003, 2004, 2008). Julie may be contacted at julienimm@gmail.com