

Gladstone Regional Council

Council Policy

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| Title | INVESTMENT DECISION FRAMEWORK POLICY |
| Policy Number | P-2021-07 |
| Business Unit/s | FINANCE GOVERNANCE AND RISK |
| Date of Adoption | |
| Resolution Number | |
| Review Date | |
| Date Repealed | |

1.0 PURPOSE:

The intent of this policy is to specify the overarching intentions and guide investment decision making principles to support Council's Investment Decision Framework (IDF). It is consistent with the organisational corporate plan and aims to enable the investment decision process, strategic actions and outcomes to be developed and implemented. The policy includes a commitment to legislative compliance as well as continual improvement in investment decision making across the organisation.

2.0 SCOPE:

Investment decision making at Gladstone Regional Council, is the combination of management, governance, financial, economic, technical and stakeholder & community engagement activities applied to all phases of the end to end lifecycle process. The purpose is to establish a common approach for considering and selecting investment opportunities, and their subsequent management through to completion.

To support its investment decision making, Council adopts a structured decision gate process across the end to end lifecycle in line with the Queensland State Government's Project Assurance Framework (with the initial focus being given to front end phases). Therefore, the end to end lifecycle phases covered by this policy are categorised as follows:

- Establish – *establishing and centralising investment ideas and concepts*
- Identify – *considering the need and strategic alignment*
- Assess – *considering potential investments*
- Select – *choosing the preferred investment option*
- Define – *planning the investment value*
- Execute – *delivering the investment value*
- Close – *benefits realisation, lessons learnt and hand over of the investment for operation and maintenance (& decommissioning) – providing the service*

Note: Appendix A depicts Council's complete end to end investment lifecycle.

3.0 RELATED LEGISLATION:

Local Government Act 2009
Local Government Regulation 2012

4.0 RELATED DOCUMENTS:

Gladstone Regional Council Corporate Plan 2018-2023
Gladstone Regional Council Operational Plan
Investment Decision Framework Corporate Standard
Investment Decision Framework Business Manual (under development)

5.0 DEFINITIONS:

Decision Gate means the decision-making points as depicted in the investment decision framework shown in Attachment 1

Investment means the allocation of resources to change the existing level of service or improve delivery of a service internally or externally and can be generally categorised as a Capital Investment or an Operational Investment defined as follows:

- Capital Investments include acquiring, constructing, upgrading, replacing, renewing or disposing of assets of the business
- Operational Investment includes upgrading, improving delivery, varying or introducing a new service.

Investment Opportunity Committee means the committee established to peer review selected investments at IDF Decision Gates 1, 2 and 6

Level of Service means the standard of reliability, quantity, quality, responsiveness, safety, capacity, environmental impacts, cost/affordability and legislative compliance.

6.0 POLICY STATEMENT:

Council recognises the benefit in adopting a disciplined approach for consideration of concepts or ideas, complexity and risks to ensure investments have been subjected to a reasonable level of value for money and assurance type analysis. Important decisions are required to be made to determine which of the various concepts and ideas should be progressed for further consideration (or not) to enable sustainable services to be delivered.

In recognition of the need to establish a system by which investment decision making is disciplined, robust and in the best interests of the community, Council aspires to the following:

“To develop and implement an investment decision framework that enables identification, selection and management of investments in a fit for purpose manner so that resources are subsequently applied prudently and efficiently.”

6.1 Guiding Principles

Council's investment decision making mission is guided by the following principles:

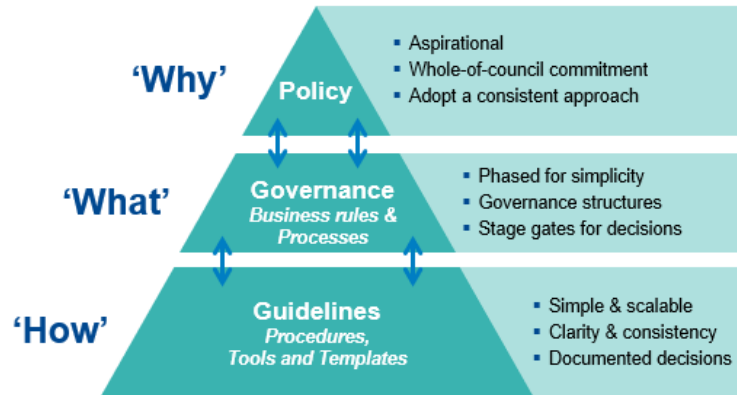
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|---|---|
| 1) Governance and Accountability | <ul style="list-style-type: none"> ▪ Building discipline into the investment selection process and commitment to undertaking the right investments across the business ▪ Prioritising investments across a common and agreed set of criteria ▪ Linking investment selection to strategic intent ▪ Accountability for investment decision making activities is unambiguous, accepted and met ▪ Industry standards and guidelines are used where appropriate ▪ A consistent investment decision making language is used |
| 2) Information Management | <ul style="list-style-type: none"> ▪ Council recognises, identifies, records and maintains investment information to a level of detail, accuracy and integration necessary for each investment to be managed in accordance with the integrated framework ▪ Statutory requirements relating to Council's investment decision making are met (as a minimum) |
| 3) End to end lifecycle management | <ul style="list-style-type: none"> ▪ Selected investments are managed from a whole of life perspective ▪ Risks and opportunities are identified and managed in accordance with Council's Risk Framework across the lifecycle ▪ Prior to approval of any investment that constitutes a renewal, upgrade or delivery improvement to an existing service, a critical review, based on demonstrated service needs is undertaken and the whole of life cost of that investment is determined |
| 4) Service level management | <ul style="list-style-type: none"> ▪ A planned approach is taken to growth and demographic change through demand management and investments using an agreed growth and demographic model ▪ Current and desired levels of service are defined that consider technical and stakeholder/community requirements and the cost of services |
| 5) Stakeholder and community engagement | <ul style="list-style-type: none"> ▪ Stakeholders and the community are engaged when impacted by proposed investment decisions ▪ Impacted stakeholder and community (where required) views are considered in investment decision making |

6.2 Investment Decision Framework

This investment decision framework policy is the highest level in the integrated decision framework as illustrated in the following diagram.

Investment Decision Framework

The Integrated Approach



6.3 Responsibilities

Council’s investment decision making responsibilities and relationships have been established as follows:

6.3.1 Councillors:

- To act as champions for all investments
- To consider investments and monitor outcomes
- To set the Corporate investment decision framework and policy
- To set levels of service, risk and cost standards
- To ensure investment decisions consider whole of life costs

6.3.2 Chief Executive Officer / Executive Leadership Team (ELT)

- To agree on the Corporate investment decision framework and policy with Council
- To implement the investment decision framework governance (i.e. end to end process) with agreed resources and review performance
- To set the Terms of Reference for the Investment Opportunity Committee
- To provide support and ensure the Investment Opportunity Committee is working efficiently and effectively
- To ensure that accurate and reliable information is presented to Council to enable informed investment decision making
- To integrate the investment decision framework, policy, corporate standard, governance and guidelines into Council’s overall corporate governance framework
- To review and consider recommendations from reviews conducted by the Investment Opportunity Committee

6.3.3 Investment Opportunity Committee (IOC)

- To understand the roles and responsibilities as defined in the IOC ‘Terms of Reference’
- To consider and assess investments at Investment Decision Framework decision gates 1,2 and 6 as required
- To make investment recommendations and ensure IOC decisions are documented and reported on where necessary.

7.0 ATTACHMENTS:

1. Gladstone Regional Council's Investment Decision Framework

8.0 REVIEW MECHANISM:

This policy will be reviewed when any of the following occur:

1. The related legislation or governing documents are amended or replaced; or
2. Other circumstances as determined by resolution of Council or the CEO; or
3. Three years from date of adoption.

| TABLE OF AMENDMENTS | | | |
|---------------------|------------------|------------------------|---|
| Document History | Date | Council Resolution No. | Notes (including the prior Policy No, precise of change/s, etc) |
| Originally Approved | 19 November 2019 | G/19/3985 | |
| Amendment 1 | | | |
| Amendment 2 | | | |
| Amendment 3 | | | |

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LEISA DOWLING
CHIEF EXECUTIVE OFFICER

Gladstone Regional Council

Council Policy

Attachment 1

Investment Decision Framework

