

Gladstone Regional Council

Corporate Standard

Title	INVESTMENT DECISION FRAMEWORK CORPORATE STANDARD
Corporate Standard No.	CS-2021-06
Business Unit/s	FINANCE GOVERNANCE AND RISK
Date of Approval by CEO	
Date of Effect	
Review Date	
Date Repealed	

1.0 PURPOSE:

The purpose of this Corporate Standard is to provide guidance to the Business on the roles and processes associated with progressing investment decisions under the Investment Decision Framework (IDF) Policy.

2.0 SCOPE:

This Corporate Standard applies to all Investments (as defined in the definitions section of this Corporate Standard) of the Business.

3.0 RELATED LEGISLATION:

Local Government Act 2009
Local Government Regulation 2012

4.0 RELATED DOCUMENTS:

Budget Management Corporate Standard
Capital Portfolio Business Manual (under development)
Community Engagement Policy and Corporate Standard
Contract Variation Corporate Standard
Delegation Registers
Internal Project Planning (IPP) Register
Investment Decision Framework Business Manual (under development)
Investment Decision Framework Policy
Maintenance Management Framework Business Manual (under development)
Major Project Management Framework
Minor Project Management Framework
Procurement Policy and Corporate Standard
Records Management Policy
Risk Management Framework Policy and Corporate Standard
Terms of Reference for Investment Opportunity Committee

5.0 DEFINITIONS:

To assist in the interpretation of this corporate standard, the definitions contained in the Investment Decision Framework Policy apply, in addition to the following definitions:

AM means Asset Management

AMP means Asset Management Plan

Business means Gladstone Regional Council in its operational capacity

CSR means Customer Service Request

D&C means Design and Construct

Final Investment Decision means the point in which the investment is ready for execution. Typically, this will be Decision Gate 4, however may be Decision Gate 3 for investments where the delivery approach is Design and Construct.

IDF means Investment Decision Framework

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 Category means the categories of investment as set out in Attachment 1 to this Corporate Standard

IOC means Investment Opportunity Committee

IPP means the business's Internal Project Planning tool which exists as a register within Council's Technology One software platform

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

Maintenance Management Framework (MMF) is a framework that ensures maintenance activities are planned, executed and reviewed in a structured and efficient way through the asset lifecycle

O&M means operate and maintain

Project Management Framework (PMF) is a framework under the IDF and provides process management to ensure all relevant aspects of an investment are managed through to operational handover of assets or implementation of a service

Project Manager means the person appointed as being responsible for overseeing and coordinating the delivery of a project

Proponent means the person assigned to progress an investment through to the Assess Phase of the IDF (Decision Gate 2)

Service means the delivery of intangible work such as a program of inspection, an event, entertainment or exhibition program, the provision of advice or expertise, work involved in maintaining or operating something – a Service may use assets in its delivery

Sponsor means the person appointed as being responsible for overseeing and coordinating the progression of an Investment through the Investment Decision Framework

Sponsor Representative means a person nominated by a Sponsor to manage, oversee or report on investments as they progress through the Investment Decision Framework

Stakeholder means a person/team (internally or externally), organisation, members of the community, or category of persons/organisations which will, or potentially may, be affected by the business's decisions and/or actions.

6.0 CORPORATE STANDARD STATEMENT:

Council's Investment Decision Framework Policy recognises the benefits for the business in adopting a disciplined approach in considering how it invests community funding in assets and services. The IDF takes into consideration all relevant investment matters such as community need, value for money, sustainability, risk, quality and complexity that emerge from an idea or concept, through to the delivery and operation of an asset or the implementation of a service.

The Investment Decision Framework adopts a gated approach to decision making and delivery to ensure that each investment is assessed and managed throughout its lifecycle. The phases and gates of the IDF are:

- Establish – Gate 0
- Identify – Gate 1
- Assess – Gate 2
- Select – Gate 3
- Define – Gate 4
- Execute – Gate 5
- Close – Gate 6
- Operate and Maintain.

6.1 Investment Decision Matrix and Investment Categories

Attachment 2 to the Corporate Standard sets out the Investment Decision Matrix that will be applied in progressing an investment through the Investment Decision Framework.

Investments are defined into four broad Investment Categories as shown in Attachment 1 being:

1. Standard Investment
2. Advanced Investment
3. Significant Investment
4. Urgent Investment

Each category of investment will generally enter and progress through the Investment Decision Matrix as follows:

Investment Category	IDF Investment Entry Point into Decision Making Matrix (Attachment 2)						
	Gate 0	Gate 1	Gate 2	Gate 3	Gate 4	Gate 5	Gate 6
Standard Investment							
Advanced Investment							
Significant Investment							
Urgent Investment	*						

*Urgent investments undertake Decision Gate 0 and Decision Gate 3 activities in parallel.

6.2 Implementation of Investment Decision Framework

The Investment Decision Framework will be implemented for all Capital Investments from the start of the 2021/22 financial year. Operational Investments will be progressively included in the IDF as directed.

6.3 Project Management Framework integration with IDF

Capital Investments that progress beyond Decision Gate 2 must enter Council’s Project Management Framework.

6.4 Maintenance Management Framework integration with IDF

Capital Investments are required to be considered under the Maintenance Management Framework following the Define Phase (from Decision Gate 5) in preparation for the asset becoming operational.

6.5 Capital Portfolio integration with IDF

Investments that progress beyond Decision Gate 2 must be entered into the Capital Portfolio in order to be prioritised, scheduled for delivery, resources assigned and reported on. The Capital Portfolio and IPP must reflect the same information where there are common attributes.

6.6 Internal Project Planning (IPP) integration with IDF

All investments are captured in IPP (register in TechOne) as an ‘opportunity’ and progresses to ‘work’ after Decision Gate 1 approval (or beyond). Decision Gate 0, 1 and 2 information and approvals are completed in IPP via electronic forms and automated workflow approvals. Decision Gate 3, 4, 5 and 6 information and approvals are captured in IPP through manual updates.

6.7 Long-Term Financial Plan (LTFP) integration with IDF

The IDF ensures the right investments are identified for consideration in the Long-Term Financial Plan. Investments that have Decision Gate 1 approval (or beyond) in the IPP are used to inform the Long-Term Financial Plan.

6.8 Budget Management integration with IDF

All investments need both IDF decision gate approval and budget approval to continue to progress to the next relevant phase of IDF. The approvals may be in either order. The Budget Management Corporate Standard sets out the processes for adopting a budget, changing allocations, variations to budget and forecasting.

6.9 Contract Management integration with IDF

All investments require IDF approval before proceeding with contract approval for the relevant phase. The Procurement Corporate Standard and Contract Variation Corporate Standard sets out the processes for investment procurement and contract variations.

6.10 Recordkeeping Requirements

Documents created throughout the IDF process are to be managed and retained in accordance with Council's Records Management Policy.

6.11 Stakeholder Engagement Requirements

Throughout all phases of the IDF, there is an expectation that Proponents, Sponsors and Project Managers will engage with stakeholders, including the community where appropriate, to ensure that the needs, concerns and expectations of stakeholders are identified and considered in investment decision making.

6.12 Risk Management Requirements

Throughout all phases of the IDF, there is an expectation that Proponents, Sponsors and Project Managers will engage with stakeholder and conduct risk assessments and ensure that Council's Risk Management Registers are maintained in the corporate risk management system.

6.13 Process Overview – Investment Opportunity progression through the Investment Decision Matrix

Attachment 3 shows an overview of the IDF process. A number of other processes and frameworks will also need to be applied during an investment's progression through IDF as detailed in Section 6.3 to 6.12. Whilst these processes and frameworks are linked, they have been documented separately for ease of use and for clarity on responsibilities.

To assist in using the IDF, process maps and supporting information for each phase listed below can be found in the IDF Business Manual:

- Establishing Investment (Gate 0)
- Identifying Investment (Gate 1)
- Assessing Investment (Gate 2)
- Selecting Investment (Gate 3)
- Defining Investment (Gate 4)
- Executing Investment (Gate 5)
- Close out Investment (Gate 6).

6.14 Responsibilities

6.14.1 Council

- Provide direction on selected investments and their progression through the IDF process

6.14.2 Chief Executive Officer

- Appoint Sponsors for Significant Investments taking into consideration direction provided by Council were relevant
- Refer an Investment for review by the IOC where appropriate
- Appoint the IOC

6.14.3 General Managers

- Appoint Sponsors for Advanced, Standard and Urgent Investments taking into consideration direction provided by Council where relevant
- Appoint Sponsor Representatives as required and decide and document the responsibilities of the role
- Refer an investment for review by the IOC where appropriate
- Act as a Sponsor for investments as required
- Review Advanced and Urgent Investments at the Final Investment Decision gate where a Level 3 Leader is appointed as a Sponsor
- Ensure that their business unit is aware of and is using the IDF and other referenced frameworks

6.14.4 Investment Opportunity Committee (IOC)

- Review Significant Investments at Decision Gate 1, 2 and 6 of the IDF Decision Matrix
- Review Advanced, Standard and Urgent Investments at Decision Gate 1, 2 and 6 as required
- Understand the roles and responsibilities as defined in the IOC Terms of Reference
- Make recommendations for Sponsors to consider
- Ensure IOC recommendations are documented and reported on as required

6.14.5 Sponsors

- Decide if and when investments assigned to the Sponsor are to proceed through the IDF Decision Gates
- Appoint a Sponsor Representative for Significant, Advanced and Urgent Investments if required and decide and document the responsibilities of the role
- Review investments to ensure the investment information is maturing and its ongoing validity
- Consider recommendations from the IOC review process
- Provide resources and support for the investment and be accountable for enabling success
- Complete all required documentation and ensure that recordkeeping requirements are met
- Ensure that the IDF and other referenced frameworks are used
- Decide Project Change Requests
- Approve Stakeholder Engagement Plan
- Be involved in stakeholder engagement activities as required
- Oversee the risk management process

6.14.6 Sponsor Representative

- Undertake the assigned responsibilities for investments as directed and documented by the Sponsor

6.14.7 Proponent

- Progress an investment through to Decision Gate 2 of the IDF
- Fulfil the information requirements for each phase as required
- Collaborate with the appointed Sponsor if/when required
- Prepare an investment for IOC consideration as required
- Make amendments to investment documentation as a result of recommendations from the IOC review process
- Ensure handover of investment to Project Manager following Decision Gate 2 approval
- Ensure that the IDF and other referenced frameworks are used
- Be accountable for the investment success through to Decision Gate 2
- Development Stakeholder Engagement Plan
- Undertake stakeholder engagement activities
- Conduct risk assessments with all stakeholders and maintain risk registers

6.14.8 Project Manager

- Progress the investment through the required phases and decision gates of the IDF
- Fulfil the information requirements for each phase as required
- Collaborate with the appointed Sponsor if/when required
- Be accountable for the investment and project team’s success for Decision Gates 3-6
- Ensure that the IDF and other referenced frameworks are used
- Lead the project team and be responsible for achieving the investment objectives
- Undertake required work as identified in the Project Management Framework
- Prepare an investment for IOC consideration as required
- Make amendments to investment documentation as a result of recommendations from the IOC review process
- Development Stakeholder Engagement Plan
- Undertake stakeholder engagement activities
- Conduct risk assessments with all stakeholders and maintain risk registers

6.14.9 All IDF Participants

- Submit investment ideas and concepts to Decision Gate 0 for IDF consideration
- Ensure that all documents generated by the IDF process are kept in accordance with Council’s Records Management Policy.

6.15 Summary of Decision-Making Delegations

Power	Delegate	Limitations / Conditions
Power to decide if and when investments proceed through the IDF Decision Gates	Sponsor	<ol style="list-style-type: none"> 1) Subject to any conditions and limitations set by Council resolution 2) Limited to the investments that the Sponsor has been appointed to 3) Advanced and Urgent Investments must obtain General Manager approval at Final Investment Decision stage where a Level 3 Leader is the appointed Sponsor

Power	Delegate	Limitations / Conditions
Power to approve change requests under the Project Management Framework	Sponsor	<ol style="list-style-type: none"> 1) Subject to any conditions and limitations set by Council resolution 2) Limited to the Investments that the Sponsor has been appointed to
Power to appoint Sponsors for Significant Investments	Chief Executive Officer	<ol style="list-style-type: none"> 1) Appointments must be documented and state any limitations and conditions to apply 2) Appointer may elect to require IOC review 3) The Sponsor cannot be the same person as the Proponent 4) The appointed Delegate may nominate a Sponsor Representative and must decide and document the responsibilities of the role – Sponsor Representatives cannot be assigned the responsibility of approving investment progression through the IDF Decision Gates
Power to appoint Sponsors for Advanced, Standard and Urgent Investments	General Managers	<ol style="list-style-type: none"> 1) Limited to the General Manager’s Business Unit 2) Appointments to be Level Three Leaders or above 3) Appointments must be documented and state any limitations and conditions to apply 4) Appointer may elect to require IOC review 5) The Sponsor cannot be the same person as the Proponent 6) The appointed Delegate may nominate a Sponsor Representative and must decide and document the responsibilities of the role – Sponsor Representatives cannot be assigned the responsibility of approving investment progression through the IDF Decision Gates

7.0 ATTACHMENTS:

1. Investment Categories
2. Investment Decision Framework Matrix
3. Investment Decision Framework Overview Process Map

8.0 REVIEW TRIGGER:

This corporate standard 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 effect.

TABLE OF AMENDMENTS		
Document History	Date	Notes (including the prior CS No, precise of change/s, etc)
Originally Approved		
Amendment 1		
Amendment 2		
Amendment 3		

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LEISA DOWLING
CHIEF EXECUTIVE OFFICER

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ATTACHMENT 1 – Investment Categories

Investment Category			
STANDARD INVESTMENT	ADVANCED INVESTMENT	SIGNIFICANT INVESTMENT	URGENT INVESTMENT
<p>Those investments that are low-medium risk, of low complexity and low-medium cost and are relatively straight-forward to manage. They may be commonly undertaken and/or are easily repeatable</p>	<p>Those investments that are medium-high risk, medium complexity, medium-high cost and are more complex to manage than a standard investment</p>	<p>Those investments that are high-extreme risk, high complexity and/or high cost and are complex to manage</p>	<p>Those investments resulting from failed critical assets, or environment and/or safety issues/hazards, which have been risked assessed as requiring work immediately</p>
<p>Examples – Capital Standard Investment</p> <ul style="list-style-type: none"> Minor capital works projects as defined in the Project Management Framework sewer main relining asphalt overlay culvert replacement playground equipment replacement fleet replacement new water main if low complexity (eg. Greenfield site) new software module that impacts on a limited part of Council an initiative resulting from a safety, risk, audit or other investigation process that has not been flagged for urgent action and requires a project management approach in its delivery 	<p>Examples – Capital Advanced Investment</p> <ul style="list-style-type: none"> Major capital works projects as defined in the Project Management Framework a new water reservoir new cell at the landfill an upgrade to a wastewater treatment plant new software that impacts most of Council renewal of a footpath in high impact area (eg. Goondoon Street) a new road (eg. Kirkwood Road) 	<p>Examples – Capital Significant Investment</p> <ul style="list-style-type: none"> Major capital works projects as defined in the Project Management Framework new or redeveloped asset not currently available to, or provided by, Gladstone Regional Council such as the Boyne Tannum Swimming Pool or Philip Street Precinct Development major redevelopment of an asset or location such as the Gladstone Coal Exporters Sports Complex redevelopment new opportunities that Council has not done before and are emerging in the broader industry, such as Smart Water Meters or Biosolids Facility an initiative that proposes the use of new or emerging technologies where there is limited information available on its sustainability and suitability for purpose 	<p>Examples – Capital Urgent Investment</p> <ul style="list-style-type: none"> Replacement of a collapsed culvert replacement of a failed water main stabilisation of a landslip platform/handrails due to safety incident or hazard assessment repair or replacement of timber bridges following a major fire event
<p>Examples – Operational Standard Investment</p> <ul style="list-style-type: none"> New minor community event new inspection program for monitoring compliance with local laws or other legislative requirement major change initiatives outside of the scope of business as usual continuous improvement, such as changing the delivery or service model for a ticketing process, mobile library service, water meter reading program the development of a strategy or other planning document 	<p>Examples – Operational Advanced Investment</p> <ul style="list-style-type: none"> New major event a new Planning Scheme for the region 	<p>Examples – Operational Significant Investment</p> <p>Those services that may not be a core function of local government, such as:</p> <ul style="list-style-type: none"> operating a postal service agency (ie. Mt Larcom Rural Transaction Centre) offering a community counselling or legal service operating a daycare facility operating an aged care or disability service (ie. Home and Community Care) 	<p>Examples – Operational Urgent Investment</p> <ul style="list-style-type: none"> An urgent review of the safety management system development of a compliance system for legislation introduced on short notice

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ATTACHMENT 2 – Investment Decision Matrix



Investment Decision Matrix

Phase and Gate	Are we making the right investment decision?				Are we doing the investment right?			
	Sponsor				Project Manager			Service Manager & Provider
	Proponent	Proponent	Proponent	Project Manager	Project Manager	Project Manager	Service Manager & Provider	
Establish - Gate 0	Identify - Gate 1	Assess - Gate 2	Select - Gate 3	Define - Gate 4	Execute - Gate 5	Close - Gate 6	Operate and Maintain	
IDF Policy Purpose	Opportunity, idea, problem or need recognised. Gate 0 - What are we being asked to consider?	Identify what is being asked and why. Gate 1 - Do we understand what we are starting?	Look wide and understand what are possible options Gate 2 - Have we looked wide enough?	Evaluate best and achievable options Gate 3 - Have we selected the optimal solution?	Prepare to lock into an investment Gate 4 - Is everything in place to ensure success?	Implement the investment Gate 5 - Did we deliver & ready to operate?	Assess learnings and close out the investment. Gate 6 - Have we completed as planned?	Deliver the Value
Intent	Entry Point for Opportunities, Ideas, Problems and needs. Understand the vision. Resource check for next phase by line manager. Check for alignment to Corporate documents. Setup Governance for Investment.	Detail the opportunity, idea, problem or need and why it should be addressed. Decision if to progress to Assess Phase.	Assess all possible options and identify recommended option/s. Decision if to progress to Select Phase.	Focus on and evaluate the recommended option/s through concept development to identify final solution. Decision if to progress to Define. For D&C this may be Final Investment Decision.	Prepare for execution including detail development and work planning. Decision if to progress to Execute Phase, Final Investment Decision.	Deliver work including commissioning and/or implementation. This could include finalisation of detail development. Decision if to progress to Closure Phase.	Finalise financial, asset management, project management framework and/or external funding requirements. Decision if all aspects of the work are complete.	Asset Owner, Manager and Service provider are doing respective roles as part of core services.
Key Activities / Links to other processes	Document vision for project. Identify drivers. Example: - AMP: Asset Lifecycle Plans approved by Asset owner - Strategies or strategic projects - Operational Plan - CSR - Opportunity from business - Emergent Issue (safety/failure)	Start Business Case with Problem Statement involving stakeholders Pre-feasibility studies if required If Approved: Change from 'Opportunity' to 'Work' in IPP	Business Case that identifies recommended solution involving stakeholders. Whole of Life Cost identified. Options may be substantially different. If Approved: - Project Management Frameworks starts (incl Project Manager) - Update (or add) IPP and Capital Portfolio.	Concept Development & Project Management Planning involving stakeholders Whole of Life Cost reviewed. Business Case refined and if core assumptions change review with Sponsor. Options are not substantially different. If Approved: - Final solution determined	Detail Development & Work Execution Planning involving stakeholders Whole of Life Cost reviewed. Business Case refined and if core assumptions change review with Sponsor. If approved: - Construct or implement final solution.	Deliver Work Work execution planning continues involving stakeholders. If Approved: Work completed as per plan and approved variations (e.g. reached practical completion, commissioned and operating implementation complete)	Council Systems updated with all work information. Lessons learnt and initial benefit realisation assessment are completed with stakeholders If Approved: - all activities are complete to close project. - Longer term activities are captured in other systems (e.g. defect period, benefit realisation)	Longer Term Benefit Realisation. Contractual defect periods or other longer term contract clauses continued to be managed by contract manager in consultation with Asset Manager and Service Provider.
IDF Documents Created and other key documents necessary	Investment Opportunity Brief	Business Case - Problem Statement Only	Business Case Other required Checklists (e.g. Environment, Land)	Updated Business Case Change Request Form/s Project Management Plan PMF Checklist	Updated Business Case Change Request Form/s Project Management Plan PMF Checklist	Change Request Form/s PMF Checklist	PMF Checklist	-
Supporting Documents	Source of work documents	Pre-Feasibility Report for larger opportunities	Additional attachments may be created to support Business Case. For simple work the IPP Business Case has basic attributes to justify project.	PMF & Technical Documents	PMF & Technical Documents	PMF, Asset Management & Technical Documents.	Assessments, PMF, Asset Management and Financial Documents	-
Estimate: Purpose	-	Assists prioritising opportunities Confidence: Very Low	Comparative costs to assist solution assessment potentially including cost benefit analysis. Whole of Life Cost Confidence: Low	Assist with budget approval and work prioritising process. Whole of Life Cost Confidence: Medium	Design (30-65% complete): check of estimate vs scope Design (65-80% complete): Prepare for procuring Whole of Life Cost Confidence: High	Design (100% complete): Review budget Based on Market Value Confidence: Very High	Actuals	Actuals (O&M)
Estimate: Target Accuracy Range	-	Range: -50% to +200%	Range: -50% to +100%	Concept Design (10-30% complete) Range: -25% to +50%	Design (30-65% complete)-15% to +30% Design (65-80% complete)-10% to +15%	Design (100% complete) -5% to +10% Market Value: -2.5% to 5%	-	-
Lead Role for IDF tasks	Proponent	Proponent	Proponent	Project Manager	Project Manager	Project Manager	Project Manager	-
Gate Approver	"Line Manager (Manager / GM) or Council Resolution. Delegate appoint Sponsor"	"Sponsor as per delegations (IOC Review if required)"	"Sponsor as per delegations (IOC Review if required)"	Sponsor as per delegations	Sponsor as per delegations	Sponsor as per delegations	Sponsor as per delegations (IOC Review if required)	-
Work changes and approvals (from Go-Live date).	Digital form in IPP (TechOne) with automated approval workflow. Approved form will create Opportunity and update IPP.	Digital form in IPP with automated approval workflow. Approved form will update IPP. No changes to IPP within Phase.	Digital form in IPP with automated approval workflow. Approved form will update IPP attributes and IDF Status. No changes to IPP within Phase.	During Phase: Manual update of IPP from approved Change Request Forms (PMF). For Gate: Run Business Case Report and PMF Checklist for approval and manually update IPP.	During Phase: Manual update of IPP from approved Change Request Forms (PMF). For Gate: Run Business Case Report and PMF Checklist for approval and manually update IPP.	During Phase: Manual update of IPP from approved Change Request Forms (PMF). For Gate: PMF Checklist for approval and manually update IPP.	PMF Checklist for approval and manually update IPP.	-
	Opportunity			Work				
				Project Management Framework				
							Maintenance Management Framework	

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ATTACHMENT 3 – Investment Decision Framework Overview Process Map

