

Gladstone Regional Council

Council Policy

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Date Repealed	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:

- ~~Identifying – considering the need and strategic alignment~~
- ~~Assessing – considering potential investment opportunities~~
- ~~Selecting – choosing the preferred investment option~~
- ~~Defining – planning the investment value~~
- ~~Executing – delivering the investment value~~
- ~~Operating, maintaining (& decommissioning) – providing the service~~

- 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

~~*Integrated investment decision framework overview*~~

~~*Investment decision governance – Business Rules & Processes*~~

~~*Investment decision guidelines – Procedures, tools and templates.*~~

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 ~~to evaluate, oversee and support the opportunities being considered.~~

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

~~***Opportunity*** means initiative, idea or concept.~~

~~***Opportunity Proponent*** means the officer chosen to progress an opportunity through the investment decision framework.~~

~~***Works Management Framework*** means guidelines, processes and templates for planning, scheduling and delivery of works, including resource management. This includes projects undertaken in the Define, Execute and Closure Phases~~

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 ~~opportunities~~ 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 ~~opportunities~~ 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:

<p>1) Governance and Accountability</p>	<ul style="list-style-type: none"> ▪ Building discipline into the investment selection process and commitment to undertaking the right investments projects across the business ▪ Prioritising investments opportunities across a common and agreed set of criteria ▪ Linking investment opportunity 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
<p>2) Information Management</p>	<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 opportunity to be managed in accordance with the integrated framework ▪ Statutory requirements relating to Council’s investment decision making are met (as a minimum)
<p>3) End to end lifecycle management</p>	<ul style="list-style-type: none"> ▪ Selected investments opportunities 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 major investment opportunity 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 opportunity is determined
<p>4) Service level management</p>	<ul style="list-style-type: none"> ▪ A planned approach is taken to growth and demographic change through demand management and investments opportunities 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

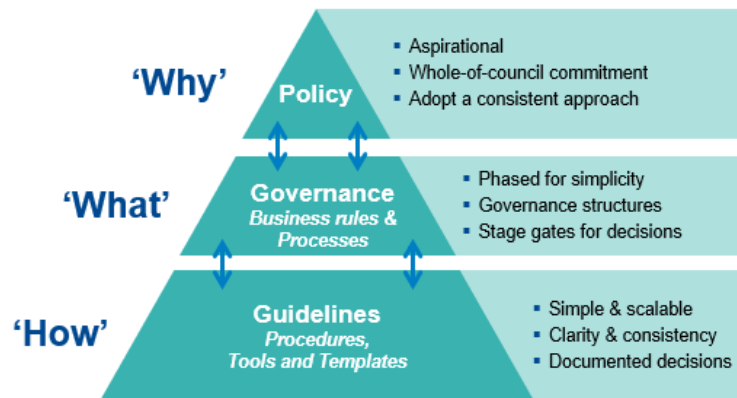
5) Stakeholder and community engagement	<ul style="list-style-type: none"> ▪ Stakeholders and the community are engaged when impacted by proposed investment decisions ▪ Impacted stakeholder and community (where required) views are considered in investment decision making
---	---

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 ~~stewards~~ for all investments ~~opportunities~~
- To consider ~~Strategic~~ investments ~~opportunities~~ and monitor outcomes
- ~~To approve Council investment opportunities 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 ~~approve/not approve~~ 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 ~~opportunities at Investment Decision Framework decision gates 1,2 and 6 as required at each decision gate throughout each phase of the adopted end-to-end lifecycle.~~
- To make investment recommendations and ensure IOC decisions are documented and reported on where necessary
- ~~To make recommendations for the ELT and Councillors to consider and ensure IOC decisions are documented and reported on where necessary~~
- ~~Evaluate and monitor key performance outputs/criteria.~~

Moved to Corporate Standard Opportunity Proponent

- ~~To progress the opportunity through the Identify, Assess and Select Phases and Gates 0, 1, 2 and 3 of the IDF and as required by the IOC.~~
- ~~To fulfil the information requirements for each stage/phase as required under the IDF.~~
- ~~To collaborate with the appointed Project Sponsor if/when the opportunity progresses to the Define phase.~~

6.3.5 Project Sponsor

- ~~To progress the project through the Define, Execute and Closure Phases and Gates 3,4 and 5 of the IDF and as required by the IOC.~~
- ~~To fulfil the information requirements for each stage/phase as required under the IDF and works management framework.~~
- ~~To collaborate with the Opportunity Proponent if/when the opportunity progresses to the Define phase.~~
- ~~To provide resources and support for the project and be accountable for enabling success.~~

6.3.6 Project Managers

- ~~To be accountable for the project and project team's success.~~
- ~~To lead the project team and be responsible for achieving the project objectives.~~
- ~~To assist the Project Sponsor, as required, with progressing the project through the required phases and gates of the IDF.~~
- ~~To develop and implement project management plans for individual approved projects in accordance with the guidelines.~~
- ~~To manage and deliver projects to the agreed plans.~~
- ~~To present project related information (i.e. status reports, project completion reports) as specified in the guidelines.~~

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			

.....
LEISA DOWLING
CHIEF EXECUTIVE OFFICER

Gladstone Regional Council

Council Policy

Attachment 1

Investment Decision Framework

