City of GLEN EIRA

GLEN EIRA CITY COUNCIL

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GLEN EIRA CITY COUNCIL

STRATEGIC ASSET RESERVE POLICY

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Date last amended: **4 August 2026**

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Policy Owner: Director Customer and Corporate Affairs

Approved by: Council

Policy Category: Category 2 Policy – Discretionary Policy that requires Council approval

Contents

1. TITLE
Strategic Asset Reserve Policy

2. OBJECTIVES
The primary purpose of this Policy is to

- Establish a dedicated reserve of funds to support long-term strategic capital investment
- Strengthen Council's financial sustainability and future funding capacity
- Ensure alignment between capital investment and Council's strategic priorities, including the Council Plan and Asset Plan
- Support the development of a prioritised pipeline of investment-ready strategic projects
- Support the implementation of Council's Strategic Property Plan, including decisions relating to acquisition, redevelopment and disposal of property.

3. SCOPE
This policy applies to:

- Funds held within the SAR,
- Financial inflows allocated to the SAR,
- The allocation of SAR funds to approved strategic capital investments.

This policy does not apply to:

- Statutory or restricted funds, including public open space contributions,
- Operational or recurrent expenditure,
- Asset renewal or maintenance expenditure (funded through other Council processes),
- Other reserves governed by separate Council policies.

This Policy does not override statutory requirements for specific reserves (e.g. Open Space Reserve), and these funds must continue to be managed in accordance with their governing legislation and any relevant Ministerial Directions.

The SAR operates alongside other Council reserves, including the Open Space Reserve. While these reserves are governed by distinct legislative and policy frameworks, they are often applied in combination to deliver strategic capital projects. In particular, projects recommended through the Open Space Strategy commonly involve blended funding from the Open Space Reserve and general funding sources, including the SAR.

Where appropriate, the SAR may be used to supplement or co-fund projects that align with Council's broader strategic objectives, including open space acquisition or development, subject to Council approval. In considering allocations from the SAR, Council will have regard to the overall funding mix for strategic projects and the long-term financial sustainability of complementary funding sources, including the Open Space Reserve.

4. POLICY STATEMENT
Council will manage the Strategic Asset Reserve (SAR) to ensure that funds are:

- Set aside, protected and applied for the purpose of long-term strategic capital investment,
- Allocated in a transparent, consistent and evidence-based manner,
- Aligned to Council's integrated strategic planning framework, including the Council Plan, Long-Term Financial Plan, Asset Plans and relevant strategies,
- Used to support high-value, non-routine capital investment that delivers long-term community benefit,
- Ensures proceeds from asset sales are only allocated to the SAR where the disposal aligns with the Strategic Property Plan and demonstrates a stronger overall net community outcome.

The SAR will operate alongside other Council reserves, including Council's Open Space Reserve with clear governance and decision-making by Council to ensure responsible financial management and intergenerational equity.

5. DEFINITIONS

Term	Meaning
Cash-backed	Where the SAR balance is supported by available cash or cash equivalents
Strategic Asset Reserve (SAR)	A Council reserve established to support long-term funding of strategic capital investment decisions
Strategic capital investment	Premium and Strategic service level capital projects that deliver long-term community benefit and align with Council strategies
Surplus Asset	The Strategic Property Plan uses a structured categorisation and decision framework to determine surplus property assets and strategic site opportunities
Measurable community benefit	The extent to which an investment improves community outcomes by enhancing access, participation, inclusion and service effectiveness — whether delivered through infrastructure, services, programs or other delivery models. This includes the extent to which an investment: • improves access to services or facilities; • supports ongoing participation and engagement; • is fit-for-purpose for its intended use (including digital and non-asset delivery); • and contributes to the effective performance of the broader community infrastructure and service network. Community benefit is assessed across the following dimensions (as relevant to the proposal): • Access and equity (who can participate, including new or underserved groups) • Participation and engagement (extent to which ongoing use or involvement is enabled) • Fit-for-purpose delivery (whether the solution works

Term	Meaning
	effectively in practice — physical or digital) • Contribution to system or network outcomes (including integration with existing services and infrastructure)
Premium service level	Targeted upgrades, practical design, improved accessibility, and climate resilience. Align with strategic priorities, community needs and feedback.
Strategic service level	High-value, new and significant upgrades that align with strategic priorities and future community needs. Generally, have advanced design, inclusivity, and meet high climate resilience standards.
Relevant strategies	Relevant strategies include, but are not limited to: • Council Plan • Community Infrastructure Plan, • Strategic Property Plan, • Open Space Strategy, and • other Council-endorsed service or infrastructure strategies

6. POLICY

6.1 Purpose of the SAR

The SAR is established to:

- Support long-term funding for strategic capital investment,
- Provide a mechanism to set aside funds for future high-value projects,
- Strengthen alignment between community priorities, asset planning and financial capacity.

Council's approach to the SAR reinforces the principle that proceeds from the disposal of assets are to be reinvested into assets that deliver overall long-term net community benefit, supporting intergenerational equity and sustainable asset planning.

6.2 Governance and Decision Making

Council remains the decision-maker for:

- Allocation of funds into the SAR,
- Retention of funds within the SAR,
- Allocation of funding to specific projects
- Existing grant commitments, co-funding requirements or contractual obligations.

Decisions will be made through:

- The Annual Budget,
- The Annual Financial Statements process,
- Specific Council resolutions.

Allocation decisions will be made having regard to:

- Council's financial position,
- Long-term financial sustainability,

- Service delivery requirements.

Project identification and prioritisation will occur through the SAR Investment Pipeline Procedure and must align with Council's integrated planning and budgeting framework.

6.3 Inflow Principles

Funds may be allocated to the SAR where they:

- Are discretionary and approved by Council,
- Do not compromise financial sustainability, liquidity or service delivery,
- Do not include statutory or legislatively restricted funds,
- Are not automatic and are determined through formal Council processes,
- Are cash-backed, consistent with prudent financial management.

6.4 Inflow Categories

The SAR may receive funds from:

- Net proceeds from the sale of surplus or non-strategic land and buildings, subject to Council determining, through the Strategic Property Plan and Asset Management Framework, that:
    - The asset is not required for current or future service delivery,
    - The allocation supports Council's strategic objectives and long-term financial sustainability,
- Annual cash surplus outcomes, as determined by Council,
- Other one-off funding allocations approved by Council.

6.5 Asset Sale Proceeds – Specific Requirements

The sale of Council land and buildings is subject to the following conditions:

- The asset has been identified as surplus or non-strategic through the Strategic Property Plan or Asset Management Framework
- Disposal is undertaken in accordance with the Local Government Act 2020 and Council's established processes, including appropriate community engagement
- Disposal supports improved overall community outcomes

Allocation of proceeds from asset sales to the SAR will only occur where:

- The allocation has been explicitly approved by Council
- The reinvestment supports strategic capital investment aligned with Council priorities and long-term financial sustainability

Funds derived from asset sales must be applied to capital investment purposes and must not be used for recurrent or operational expenditure.

Where land originally funded from Open Space contributions is sold, proceeds must be directed to the Open Space Reserve in accordance with the Subdivision Act 1988.

6.6 Use of Funds (Outflow Principles)

Funding from the SAR will be prioritised based on:

- Alignment with Council's strategic priorities
- Risk and compliance considerations

- Efficient use of assets and resources
- Shared, flexible spaces and optimised asset outcomes
- Measurable community benefit
- Equity and accessibility
- Environmental sustainability
- Deliverability and readiness
- Integrated funding approach across reserves (leveraging multiple funding sources where appropriate to maximise community outcomes), including matching funds for grants that span multiple years

6.7 Strategic Investment Focus

The SAR is intended to fund strategic capital investments that deliver significant long-term net community benefit projects that are beyond routine renewal or maintenance. At an asset service level, these are defined as premium or strategic level asset investments.

6.8 Pipeline of Strategic Projects

A pipeline of potential strategic projects will be maintained to:

- Support forward planning,
- Enable informed decision-making,
- Ensure projects are assessed consistently.

Inclusion in the pipeline does not constitute funding approval.

6.9 Financial Sustainability and Risk

Use of the SAR will:

- Support long-term financial sustainability and the sustainability of Council's broader reserve portfolio,
- Ensure Council does not commit to projects before they are affordable,
- Consider whole-of-life costs and risks.

6.10 Integration with Strategic Planning

Decisions will be informed by Council's integrated planning framework, including:

- Council Plan
- Long-Term Financial Plan
- Asset Plans and Asset Management Strategy
- Strategic Property Plan
- Open Space Strategy
- Relevant sector strategies

6.11 Relationship to Other Reserves

Where land classified as public open space is sold, proceeds must be allocated to the Open space reserve in accordance with the Subdivision Act 1988 and cannot be transferred to the SAR.

The SAR may be used to supplement funding for open space acquisition or development projects where:

- There is an adopted Open Space Strategy or OSSR recommendation that includes a required general revenue contribution
- The SAR is used to support Council's required co-contribution to deliver the project
- The combined funding approach supports delivery of a strategic or enhanced community outcome
- The allocation is approved by Council

This reflects the role of the SAR in enabling delivery of strategically prioritised projects where statutory reserves alone are insufficient to meet total project costs.

7. ROLES AND RESPONSIBILITIES

Define roles and responsibilities arising out of the policy in the below table.

Roles	Responsibilities
Council	Approves inflows, allocations and Policy
Executive team	Provides strategic oversight and advice. Recommends strategic asset investment projects based on prioritisation and assessment outcomes.
Enterprise Program Management Office	Implement Policy and manage the SAR pipeline

8. LEGISLATIVE COMPLIANCE

This policy has been assessed as being compatible with the *Charter of Human Rights and Responsibilities Act 2006 (Vic)*. It also complies with:

- *Local Government Act 2020*
- *Subdivision Act 1988*
- Planning and Environment Act 1987

This policy has been assessed under the *Gender Equality Act 2020 (Vic).*
While a full Gender Impact Assessment is not required, gender equity considerations are embedded within the policy through prioritisation principles, including equity, accessibility and measurable community benefit. These principles support equitable access to infrastructure and services for all community members, including women and girls.

9. ASSOCIATED COUNCIL DOCUMENT

The relevant Council documents that align with this Policy include:

- Financial Sustainability Strategy
- Community Infrastructure Plan
- Strategic Property Plan
- SAR Pipeline Procedure (not yet in place)
- Long-Term Financial Plan
- Asset Management Strategy
- Open Space Strategy Reserve

10. EXTERNAL REFERENCE/RESOURCE

Local Government Best Practice Guidelines for the sale and exchange of land.

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CITY COUNCIL

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