

Managing School Infrastructure

Tabled 11 May 2017

This presentation provides an overview of the Victorian Auditor-General's report *Managing School Infrastructure*.

High-quality school assets

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High quality, well-maintained 21st-century facilities are important for

- supporting educational outcomes,
- ensuring the health and safety of students, staff and visitors
- saving money on maintenance in the long term.

Background

Department of Education and Training (DET)

Responsible for

1 544 Government schools

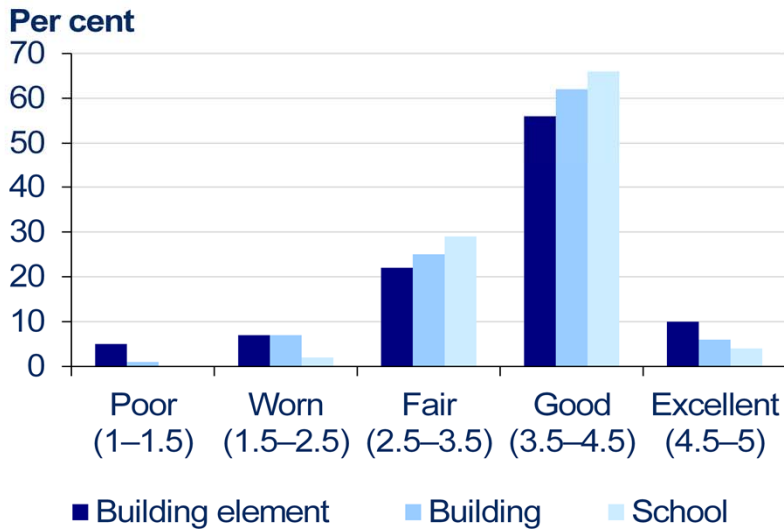
including classrooms and sports, arts and physical activity spaces



The Department of Education and Training (DET) is responsible for establishing and maintaining Victoria's 1544 government schools.

DET's property portfolio—including classrooms and sports, arts and physical activity spaces—makes up 16 per cent of the value of Victoria's state-owned assets.

Condition of Victoria's government school assets in 2012



Building elements required repairs or replacement

\$420 mil

Maintenance backlog when assessed in 2012

DET assessed the condition of these assets in 2012. It found that 68 per cent of building elements were rated at or above a good condition.

However, it found that one-third of building elements required repairs or replacement, and calculated a maintenance backlog of \$420 million.

Focus of our audit



- Overall management planning framework
- New school planning
- Management of existing assets

Areas examined

In scope

Department of Education and Training's (DET)

Out of scope

- Independent schools
- Pre-primary
- Language and specialist schools
- Tertiary institutions

We have previously found significant gaps in DET's planning for and management of government school assets. This audit aimed to determine whether gaps have been addressed.

What we found

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DET has been under scrutiny since 2012



- Considerable progress
- Long-term asset strategy developed
- Proactive in addressing backlog
- Assisting schools to manage their assets
- Effectively planning for growth

DET's management of school assets has been subject to considerable scrutiny since 2012.

DET has made considerable progress since then in addressing the identified issues.

DET has developed a long term Asset Strategy which now includes performance measures. It is also rolling out a set of asset management reforms which we assessed as sound.

DET has been proactive in addressing the backlog of maintenance identified in 2012. It is working with schools to improve their individual asset management planning and is effectively planning for the growing demand for new school places.

Remaining weaknesses

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Accountability

Funding
certainty

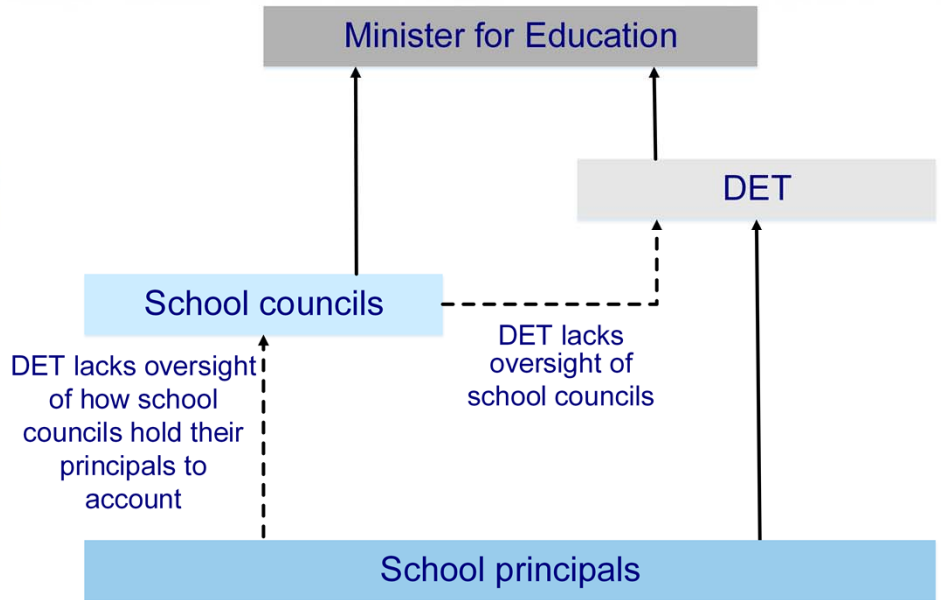
Quantity of
maintenance
funding

Although DET is on the right path with its asset management reforms, the scale of this work is significant and not yet complete.

Three areas of weakness remain that DET will need to address.

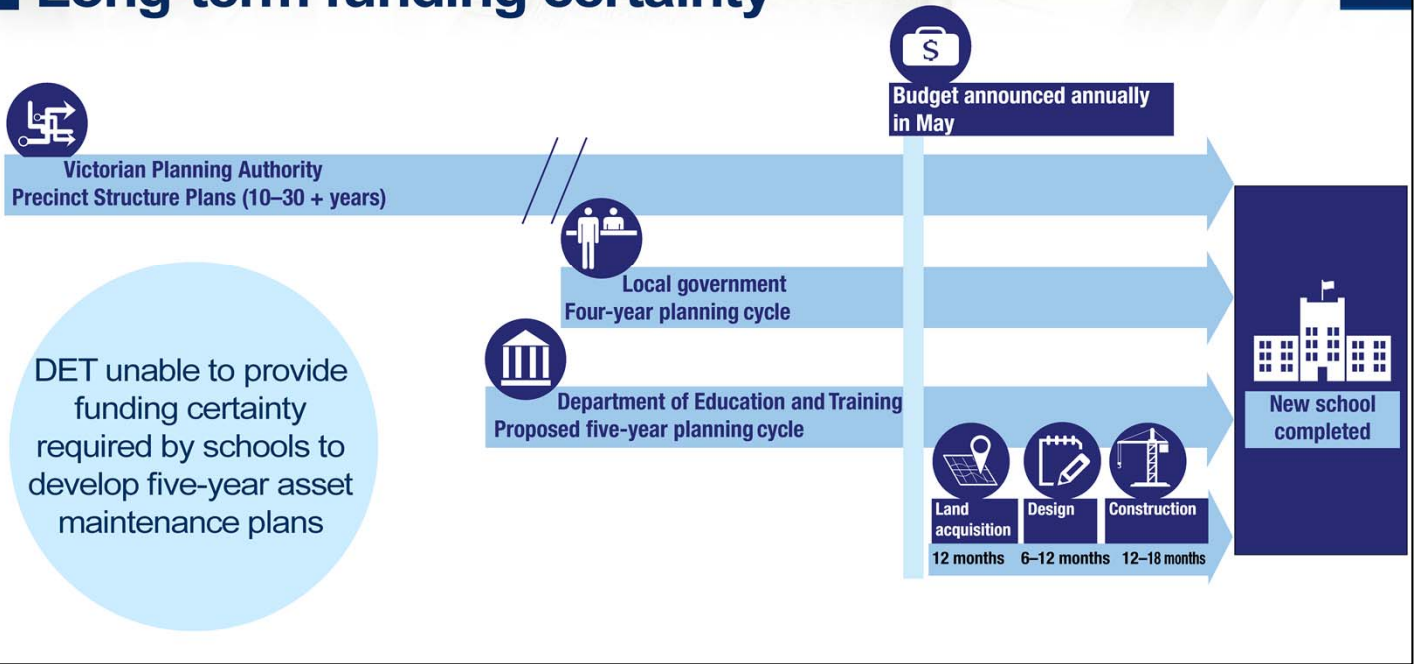
Accountability for school assets

Schools not held accountable for maintaining assets
→ difficult to provide asset assurance



The first weakness is that DET does not hold schools to account for maintaining their assets. This is because the roles and responsibilities for assets are unclear, and because DET has no oversight of the maintenance activities of schools and how they spend funds allocated to them. This gap compromises DET’s ability to provide assurance of the assets under its control.

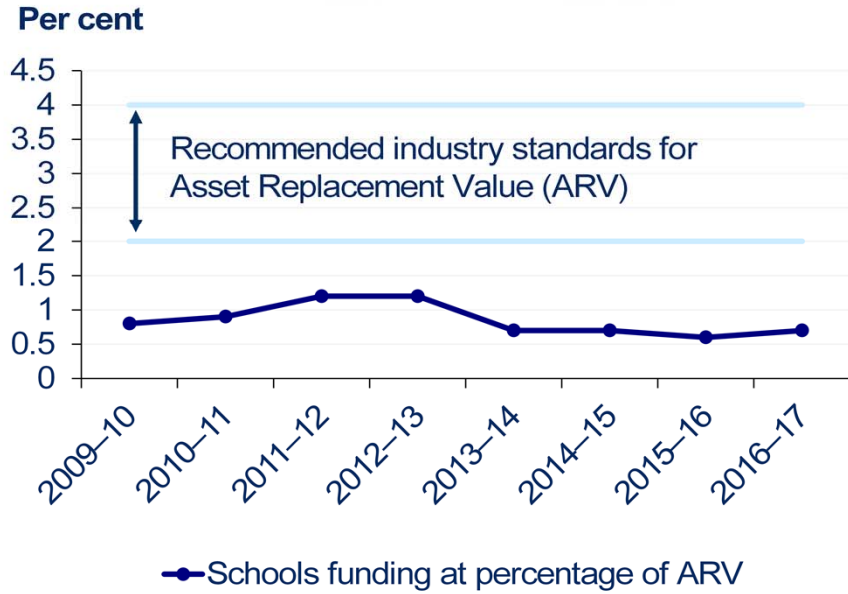
Long-term funding certainty



The second weakness is that, due to the annual allocation of school funding, DET is not able to provide the funding certainty required by schools to develop five-year asset maintenance plans. DET is also not able to provide the funding certainty required by local governments to enable them to strategically plan for and co-invest in multi-use, shared or co-located facilities. Local governments have their own four-year planning and budgeting cycles. However, the annual State Budget announcements typically limit the opportunity for DET and local governments to work together on the design of facilities to three to six months.

Maintenance funding

School maintenance funded below industry standards
→ increase maintenance backlogs



The third weakness is that school maintenance continues to be funded at levels below industry standards, meaning schools will continue to postpone much-needed repairs, and maintenance backlogs will continue to grow.

The government provides annual funding for maintenance to DET. A DET assessment found that annual maintenance investments of 2 to 4 % of the Asset Replacement Value are typical for similar assets. However, Victoria’s historical investment in school maintenance has consistently been between 0.6% and 1.2%.

Recommendations

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7 recommendations for DET

1. Complete reforms
2. Accountability mechanisms
3. Monitoring and evaluation framework
4. Strategic planning with planning partners
5. Maintenance investment strategy
6. Test shortfalls modelling accuracy
7. Guidelines for new school planning in established areas

We made seven recommendations to DET—that it:

- complete the reforms underway
- clarify accountability arrangements and hold schools to account
- establish a monitoring and evaluation framework
- work with planning partners to strategically plan and design multi-use, shared and co-located facilities before new schools are funded through state budgets, and
- develop an investment strategy to optimise maintenance over the entire asset life.

For new schools, we recommended that DET:

- test the accuracy of its provision planning forecasting
- establish guidelines to inform its decisions for managing changing enrolments in established areas

All recommendations have been accepted.

For further information, please view the full report on
our website: www.audit.vic.gov.au

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