

1 Executive summary

1.1 Introduction

One of the Victorian Government's highest priorities is to provide a high quality education for the 540 000 students attending government schools. The government wants these students to have the opportunity to succeed regardless of where they live or their socio-economic background.

Achieving this objective requires good teachers, a challenging and appropriate curriculum, and facilities that adequately support learning and the modern methods used to deliver courses. The focus of this audit is on how well school buildings and their permanent fixtures, such as lighting, heating and cooling systems, are managed to deliver the conditions necessary for effective learning.

The Department of Education and Early Childhood Development (the department) has the supervision and management responsibility for the 29 000 government school buildings in Victoria.

The government's 2006 Building Futures Policy sets out the process for guiding all infrastructure investment in Victorian government schools. The policy puts improved education outcomes for students at the core of all planning and investment decisions.

The department provides funding for buildings maintenance and selects schools for inclusion within the government's building programs to construct and modernise schools. The department spends on average \$60 million each year on the maintenance of school buildings that have a depreciated replacement value of \$4.3 billion. Schools are responsible for the day to day maintenance of school buildings and for planning and supervising the completion of building works.

The audit assessed the department's management of programs to build, rebuild and maintain government school buildings by examining:

- the planning processes used to determine investment and maintenance actions and priorities
- the implementation and monitoring of these actions once committed
- the evaluation of asset management actions and the processes used to translate the results into an improved plan.

1.2 Conclusion

Most of today's school buildings were constructed quickly between the 1950s and the 1970s in response to a period of rapid population growth using lesser quality materials. In subsequent decades, the level of investment in school buildings has not been sufficient to renew and maintain facilities to provide the type of environment needed to develop students' learning potential.

Recognising this legacy, and the need to address it, the government's *Victorian Schools Plan* committed to rebuild or renew all government schools by 2017. The initial funding of \$1.8 billion will more than double annual expenditure on school construction and rebuilding between 2007 and 2011.

Given this period of transition and renewal, we found that the department had made improvements to the processes it uses to plan, implement and evaluate asset management programs.

The department has achieved much. It has:

- formed a robust high level framework to address the government's objectives and manage Victoria's school buildings
- developed the *Building Futures* process as a structured approach to the development and delivery of school buildings projects
- demonstrated a good track record in delivering the government's school rebuilding and refurbishment projects
- developed and applied an audit approach to assess asset condition and estimate outstanding maintenance works
- progressed research to develop an approach to buildings maintenance designed to maximise the government's investment in school buildings.

However, there is more to do and our recommendations are designed to:

- strengthen and make more transparent the way schools are selected for inclusion within the government's building programs
- upgrade the department's existing asset management information systems
- improve the way school buildings are maintained through longer-term maintenance planning
- strengthen the processes used to evaluate asset management programs and highlight areas for further development and improvement.

Transforming the way buildings are maintained is of critical importance if the government is to reap the full benefits of its investment in rebuilding government schools. The department has researched sustainable approaches to maintenance planning and procurement and is testing these approaches through pilot applications.

The department needs to use this information to present a cohesive framework of relevant options to government so that it can make an informed choice about how renewed school buildings should be maintained.

1.3 Recommendations

The department should:

- formulate a comprehensive business case of the costs and benefits of options for the future maintenance and renewal of all school buildings
(Recommendation 3.1)
- support schools in moving to a longer-term approach to planning through the creation of five-year building maintenance plans **(Recommendation 3.2)**
- document and apply robust processes to assess the building needs of schools and use this to inform the selection of schools for inclusion within the government's building programs, to assist delivery of improved educational outcomes **(Recommendation 3.3)**
- strengthen the *Building Futures* process by requiring the inclusion of longer-term maintenance plans and costs for the project proposal and for the base case, assuming the project does not go ahead. **(Recommendation 3.4)**
- upgrade its asset management information systems to improve the way school buildings are maintained and renewed **(Recommendation 5.1)**
- strengthen the processes used to validate the comprehensiveness and accuracy of the information collected through condition audits as it moves to a new approach that monitors asset condition **(Recommendation 5.2)**
- strengthen its building evaluation processes by:
 - applying and documenting a structured and comprehensive approach to capture performance issues
 - reviewing and where required strengthening the post occupancy review processes so that they adequately detect and report on significant performance issues **(Recommendation 5.3)**.

RESPONSE provided by Secretary, Department of Education and Early Childhood Development

DEECD notes the Auditor-General's report and the continuous improvement emphasis of the recommendations made. The Department sees as one of its main responsibilities is to manage and drive continuous improvement in the delivery of primary and secondary education in Victorian Government schools.

The results of the audit are welcomed in this context.

Recommendation 3.1

DEECD accepts in principle this recommendation. The Department considers that the intent of this recommendation is already managed through the DEECD Asset Strategy, and the Master Planning stage of the Building Futures Framework. All major renewal projects proceeding through Building Futures Master Planning stage have a thorough examination of the sufficiency, condition and suitability of existing stock to ensure that the proposed investment in each school will deliver improved student outcomes.

FURTHER comment by the Auditor-General

The department has pointed towards the detailed framework for project development and the overall asset strategy. Neither of these appropriately deals with the intent of this recommendation.

The business case we refer to will compare the costs and service impacts of continuing with the past maintenance approach across all schools, and options to provide life cycle maintenance and other variants on this. This would provide the information needed to choose and understand the consequences of the strategic approach adopted to manage school buildings.

Recommendation 3.2

DEECD accepts in principle this recommendation but considers the recommendation may require additional funding and resourcing. The Department is currently undertaking a series of maintenance pilots to assess approaches that will improve the quality and timeliness of maintenance activities and this will be supported by the introduction of a rolling condition audit process. The Department will also review the effectiveness of developing maintenance plans for major building types to enable a longer term approach to forecasting maintenance needs.

Recommendation 3.3

DEECD accepts this recommendation and takes on notice the need for continual review of processes such as Building Futures to ensure they are effective. The Department will ensure that the outcomes from Post Occupancy Reviews and the Building Futures Evaluation stage inform improvements in school design and program delivery.

RESPONSE provided by Secretary, Department of Education and Early Childhood Development – continued

Recommendation 3.4

DEECD accepts this recommendation and is continually reviewing the way maintenance in schools is managed. The Department is currently testing a differentiated funding model involving four maintenance pilot projects and over the next two years will be gathering a body of evidence to explore avenues for strengthening the Building Futures process. The Department does not wish to pre-empt the outcomes of this testing prior to conclusion.

Recommendation 5.1

DEECD accepts this recommendation. The Department is currently making changes and improvements to the School Maintenance System in preparation for the introduction of rolling maintenance audits.

Recommendation 5.2

DEECD accepts this recommendation and will continuously review the processes used to collect and report on the maintenance requirements of schools. The outcomes of the maintenance pilot projects will inform longer term decisions on improved processes relating to the assessment of asset condition.

Recommendation 5.3

DEECD accepts this recommendation. The Department has commenced a series of building performance reviews to better understand the performance of school buildings and to inform improvement in school design. The post occupancy review processes will be reviewed and improved to ensure that any significant building performance issues are identified and rectified.
