

Report on sharing school and community facilities

1 NOVEMBER 2017



NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

PERFORMANCE AUDIT

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GPO Box 12
Sydney NSW 2001

The Legislative Assembly
Parliament House
Sydney NSW 2000

The Legislative Council
Parliament House
Sydney NSW 2000

In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **'Sharing School and Community Facilities: Department of Education'**.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford

Auditor-General
1 November 2017

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Section one

Sharing school and
community facilities



Executive Summary

Governments should strive for the best use of assets. This is particularly important in the context of a growing New South Wales population, fiscal constraints and increasing demand for services.

Lack of available land, rising land costs and population growth highlighted in our April 2017 'Planning for school infrastructure' performance audit report mean that new and existing schools will need to share their facilities with communities more than is currently the case.

This audit assessed how effectively schools share facilities with each other, local councils and community groups. In making this assessment, the audit examined whether the Department of Education (Department):

- has a clear policy to encourage and support facilities sharing
- is implementing evidence-based strategies and procedures for facilities sharing
- can show it is realising an increasing proportion of sharing opportunities.

Facilities sharing is the use of a physical asset, such as a building, rooms, or open spaces, by more than one group for a range of activities at the same time or at different times. For the purposes of this audit, we have divided sharing arrangements into two types: shared use and joint use.

Shared use refers to arrangements where existing school assets are hired out for non-school purposes, usually for a limited time. The assets remain under the control of the school. Generally, there is little alteration or enhancement to the asset required to enable shared use. Shared use can also refer to schools using external facilities, such as council pools, but these arrangements are not included within the scope of this audit.

Joint use refers to arrangements where new or upgraded school and non-school facilities or community hubs are planned, funded, built and jointly shared between a school and other parties, usually involving significant investment.

Both shared use and joint use agreements are governed by contractual obligations.



Conclusion

The sharing of school facilities with the community is not fully effective. The Department of Education is implementing strategies to increase shared and joint use but several barriers, some outside the Department's direct control, must be addressed to fully realise benefits to students and the community of sharing school facilities. In addition, the Department needs to do more to encourage individual schools to share facilities with the community.

A collaborative, multi-agency approach is needed to overcome barriers to the joint use of facilities, otherwise, the Department may need significantly more funds than planned to deliver sufficient fit-for-purpose school facilities where and when needed.



1. Key findings

Support for shared and joint use

Since the early 2000's, several reviews in New South Wales and other jurisdictions have commented on the benefits of and need to increase the sharing of school facilities. These reviews identify a variety of shared and joint use opportunities, including sporting facilities, school halls, performing arts facilities, school classrooms, public libraries and childcare facilities.

Several State strategies and plans support the sharing of facilities between schools and the wider community, but none are backed up with budgets, specific plans or implementation timeframes. In Victoria and Queensland, whole-of-government processes are in place to support a more coordinated approach to planning, building and sharing community facilities.

Shared use of school facilities

In New South Wales, many schools currently share facilities with local community groups to some degree, but the Department does not know the extent of sharing across the state. The Department's 'Community Use of School Facilities Policy' encourages but does not require schools to share facilities. As a result, the extent of sharing depends heavily on the willingness of school Principals. There are few incentives for Principals and some Principals lack relevant contract and asset management skills to negotiate agreements with community users. Substantial workload and risks are associated with developing and managing agreements, and only limited support is available from within the Department. The administrative burden associated with managing shared use may be eased by the government's recent announcement of an additional \$50 million in school support funding to assist principals employ extra support staff in schools.

The Department has not been able to demonstrate that schools fully recover the costs associated with sharing their facilities. Schools that share facilities generate additional funds, but find it difficult to spend the money raised on infrastructure projects due to significant delays and a substantial backlog in the Department's approval process.

Local councils and other stakeholders see opportunities for the Department, Principals and councils to work more closely to leverage shared use. For example, information on the availability of school facilities is not readily accessible to the community, and councils may be able to assist schools by promoting facilities.

The Department is developing an online management system to support Principals in implementing the 'Community Use of School Facilities Policy' and to reduce the administrative burden on schools. This system is also expected to give the Department greater visibility of the extent and value of shared use arrangements but will not provide information on whether the shared use arrangements are successful. Unless the Department strengthens their monitoring of how Principals approach shared use arrangements, they cannot evaluate different approaches as evidence to influence policies and procedures.

Joint use of school facilities

As discussed in our May 2017 audit report on 'Planning for school infrastructure', joint use agreements are a key direction of the School Assets Strategic Plan. Joint use of school facilities will be necessary to ensure that there will be enough fit-for-purpose learning spaces for students when and where needed. Under the 'Community Use of School Facilities Policy,' Principals play the leading role in identifying opportunities, and developing and managing agreements for sharing school facilities. This arrangement is impractical for schools not yet built and for projects that require substantial investment in new or refurbished assets. In addition, the policy does not address joint-use facilities built on land not owned by the Department. For these reasons, the Department is developing a new policy.

The Department is planning to develop joint use agreements in a more systematic way, considering school infrastructure needs across a geographic area serviced by a cluster of five to ten schools. The needs of both school and community users will be factored into school community plans, previously known as cluster plans. Without joint use of facilities, the cost of new and redeveloped schools will exceed the available budget.

The Department is planning to focus on joint use agreements with local councils. Several agreements are currently being piloted, and will be evaluated to provide an evidence-based foundation for this new approach.

To develop or refurbish school facilities for joint use, councils, the Department and other key stakeholders must work more closely together and prioritise joint use from the earliest stages of any project. A collaborative, multi-agency approach is needed to ensure sufficient fit-for-purpose facilities are available for school students within the funding framework proposed in the School Assets Strategic Plan.

To increase shared and joint use, the Department is recruiting specialist staff in the Asset Division of its head office to assist with brokerage, community engagement and the development of agreements, but these staff are not dedicated to joint use projects and their available time may not be sufficient to provide the necessary support in the timeframe required.



2. Recommendations

By December 2018, the Department of Education should:

1. increase incentives and reduce impediments for school Principals to share school facilities, including:
 - a) review the methodology for calculating fees charged for facilities to ensure that shared use of school facilities does not result in a financial burden to schools or the Department
 - b) improve support provided to Principals by School Infrastructure NSW, including reducing the backlog of school-initiated infrastructure proposals awaiting approval
 - c) develop service standards, including timeframes, for assessing and approving school-initiated infrastructure proposals.
2. provide readily-accessible information about available school facilities to community groups and local councils
3. ensure that the implementation of the new 'Joint Use of School Facilities and Land Policy' is adequately resourced, and has the support of Principals
4. implement processes to monitor and regularly evaluate the implementation of shared use and joint use policies and promote better practice to drive improvements.



1. Introduction

1.1 Background

Demand for facilities

The New South Wales population is growing rapidly. It is projected that the population of New South Wales will increase by 1.6 million people by 2031, with 79 per cent growth to occur in the Sydney metropolitan area.

Population growth is creating new communities, particularly in greenfield areas where the demand for services is increasing faster than the provision of infrastructure.

State and local governments are facing fiscal constraints at the same time as demand for services and funding are increasing. In this environment, assets should be used optimally so that government investment is economical.

Schools, local councils, not-for-profit organisations and the private sector all have resources they could share to help meet demand. For example, many schools have open space they do not use after school hours, and councils have sports fields they do not use during school hours. The Department recognises that an increasing population can benefit from access to school sites so long as school operations are not compromised. There is mutual social benefit to be gained when schools and communities share facilities.

What is sharing?

Facilities sharing is the use of a physical asset, such as a building, rooms, or open spaces, by more than one group for a range of activities at the same time or at different times. For the purposes of this audit, we have divided sharing arrangements into two groups: shared use and joint use.

Shared use refers to arrangements where existing school assets are hired out for non-school purposes, usually for a limited time. The assets remain under the control of the school. Generally, there is little alteration or enhancement to the asset required to enable shared use. For example, a school might hire out an existing hall to a local yoga group for a five-year period. Shared use can also refer to schools using external facilities, such as council pools, but these arrangements are not included within the scope of this audit.

Joint use refers to arrangements where a significant investment is made jointly between the Department of Education and another party to develop, upgrade or maintain a facility. Ongoing operations and use of the facility is typically shared between the school and the other party over an extended period of time. For example, the Department and a local council may jointly fund and build a performing arts centre which is used by the school during some periods of the school term, and by other community groups at other times.

Both shared use and joint use agreements are governed by contractual obligations.

About the audit

This audit assessed how effectively schools share facilities with each other, local councils and community groups. In making this assessment, the audit examined whether the Department:

- has a clear policy to encourage and support facilities sharing
- is implementing evidence-based strategies and procedures for facilities sharing
- can show it is realising an increasing proportion of sharing opportunities.

The audit focused on the Department's approach to sharing school and community facilities over the past five years, and plans for the short to medium term.

The Department's response to the audit report is at Appendix 1. Further information on the audit scope and criteria is at Appendix 2.



2. Support for shared and joint use



Government policies encourage, but do not mandate, shared and joint use of facilities.

Since the early 2000's, several reviews in NSW and other jurisdictions have commented on the benefits of and need to increase the sharing of school facilities.

Several NSW Government strategies and plans support shared and joint use of facilities between schools and the wider community, but none are backed up with financial incentives, or specific plans with implementation timeframes. In Victoria and Queensland whole-of-government processes are in place to support a more coordinated approach to planning, building and sharing community facilities. For example, Victoria has a comprehensive policy framework encompassing both existing and future use of community facilities and a \$50 million program to seed the development of community facilities on school sites over the next four years.

2.1 Inquiries and reviews

The potential benefits of sharing school facilities have been recognised for many years

The need and opportunity to share school and community facilities have been recognised for many years, as well as the benefits from doing so. Since the early 2000's, several reviews¹ in NSW and other jurisdictions have commented on the need to share facilities, due to the increasing population placing demand on existing facilities, and declining availability of land upon which to build more.

These reviews identify a variety of sharing opportunities, including sporting facilities, school halls, performing arts facilities, school classrooms, public libraries and childcare facilities. Benefits from schools and community groups sharing facilities extend beyond efficient utilisation of assets and include:

- Benefits to students
 - higher standards of facilities available
 - increased access to sporting facilities, leading to improved engagement and better academic performance, improved quality of life, longer life expectancy and long-term reduction in health costs.
- Benefits to schools and their communities
 - greater social cohesion between schools and the local community, and an increased profile of the school within the community
 - increased opportunities for the community to access local sport, leisure and recreation facilities
 - increased sense of community ownership of facilities
 - greater community involvement in school activities and children's education.
- Cost savings
 - shared costs between multiple parties that deliver cost savings for all involved
 - creating opportunities to generate revenue that can contribute to facility improvements and operating costs.

¹ Inquiry into joint use and co-location of public buildings, Standing Committee on Public works, 2004

Inquiry into sportsground management in NSW, Standing Committee on Public Works, 2006

Getting it together: An inquiry into the sharing of government and community facilities, Victorian Competition and Efficiency Commission, 2009

Local Government Position Paper, Shared use agreements, Western Australian Local Government Association, 2010

Policy research and directions for sustainable recreation and sport facilities, Shared use of school facilities, Policy consideration, From the perspective of local government, Suter Planners, 2011

Shared use of open space by schools and greater public, Elton Consulting, 2012

Childhood overweight and obesity, Standing Committee on Social Issues, 2016.

Costs associated with sharing facilities include:

- costs of engaging and consulting communities to understand community preferences, overcome entrenched attitudes and agree on preferred options
- costs of developing shared and joint use agreements
- higher transaction, management and operating costs that can impose a burden if such costs cannot be recovered from users
- additional responsibilities for facility owners and managers to oversee sharing arrangements
- amenity costs arising from greater use of assets that are borne by third parties, such as the cost to local residents of noise, traffic and lack of parking.

2.2 Government policies

Government policies encourage, but do not mandate, sharing

The sharing of facilities between schools and the broader community is an issue that responds to policy goals relating to health, wellbeing and the provision of quality education. A number of strategies and plans encourage the sharing of school facilities, but none make sharing mandatory:

- The 'State Infrastructure Strategy' recommended greater community use of school facilities out of school hours and co-use of open spaces. The 'State Infrastructure Strategy Update 2014' recognises that the design of new schools should anticipate the sharing of infrastructure with communities and recommends that the Department of Education assets plan should explore new approaches to the provision of learning spaces, leverage partnerships and optimise existing resources.
- The metropolitan strategy, 'A Plan for Growing Sydney', proposes to investigate new and innovative ways to maximise the benefits of existing infrastructure, including school facilities, and improve the efficiency of delivering new infrastructure.
- The draft District Plans developed by the Greater Sydney Commission support sharing school and community facilities and include two priorities relevant to sharing school facilities. While the priorities are not mandatory, the plans are clearly supportive of the notion of schools being co-located with community facilities, and sharing school facilities with community groups. The Greater Sydney Commission intends to monitor performance of districts against these priorities, which may provide additional incentives to encourage the State and local governments to implement them.

While these documents indicate support and policy intent, none are backed up with budgets, specific plans or timelines. Also, there is no whole-of-government coordination and support for the agencies involved.

Policies in other jurisdictions take a whole-of-government approach to sharing facilities

In Victoria and Queensland, whole of government processes are in place to support a more coordinated approach to jointly plan, build and share community facilities. For example, Victoria has a comprehensive policy framework encompassing both existing and future use of community facilities.

Victoria's '30-Year Infrastructure Strategy', published in 2016, includes a specific recommendation, with timeframes, to transform state schools into community facilities, with a focus on designing all new schools as community facilities, and progressively transitioning existing schools during major scheduled upgrades. See Appendix 3.

Also, the Victorian Government has established a Shared Facilities Fund program of \$50 million to seed the development of community facilities on school sites over the next four years. The fund is used to build community infrastructure projects on school sites, including early learning centres, sporting facilities and community hubs. This program is administered by the Victorian Department of Education and Training, with facilities jointly planned, delivered and operated with local councils and community sector organisations.



3. Shared use of school facilities



The Department recognises benefits from the shared use of school facilities, but provides insufficient support to Principals to ensure costs are recovered and that money raised from shared use can be spent by the school in a timely manner.

There are examples of successful shared use, but more can be done. Information about the available facilities is not readily available to potential community users. Schools should work more closely with councils and other stakeholders to leverage shared use.

Currently, the administrative burden, costs and risks associated with shared use can exceed the perceived benefits to schools, leading to reluctance amongst some Principals to share. In addition, a substantial backlog of school-initiated infrastructure proposals awaiting Departmental approval means that schools that raise money from sharing their facilities find it difficult to use the funds they raise on improved infrastructure. Some of these proposals have been waiting for approval for more than 12 months.

The Department could do more to support Principals by ensuring the fees charged for facilities cover the costs incurred by schools, that Principals can access help with negotiating and managing contracts, and that infrastructure proposals initiated and funded by schools are approved in a timely manner.

The Department is not monitoring shared use across the State, and does not evaluate different approaches as evidence to influence policies and procedures.

Recommendations

By December, 2018, the Department should:

- increase incentives and reduce impediments for school Principals to share school facilities, including:
 - review the methodology for calculating fees charged for facilities to ensure that shared use of school facilities does not result in a financial burden to schools or the Department
 - improve support provided to Principals by School Infrastructure NSW, including reducing the backlog of school-initiated infrastructure proposals awaiting approval
 - develop service standards, including timeframes, for assessing and approving school-initiated infrastructure proposals.
- provide readily-accessible information about available school facilities to community groups and local councils
- implement processes to monitor and regularly evaluate the implementation of the shared use policy and promote better practice to drive improvements.

3.1 Policy and guidance on shared use

The Department has a policy and implementation procedures that support the shared use of facilities

The Department's framework for shared use agreements is outlined in the 'Community Use of School Facilities Policy' and 'Community Use of School Facilities Implementation Procedures'. The policy encourages, but does not require schools to share their facilities with the community. This approach is in line with relevant NSW government policies discussed earlier in this report.

Education departments in other Australian jurisdictions have similar policies, although in Western Australia schools are required to share facilities, and Principals must justify reasons for not sharing. In all jurisdictions, including New South Wales, schools manage their own shared use arrangements, with minimal involvement of the respective education authorities.

The 'Community Use of School Facilities Implementation Procedures' (Procedures) identify potential community users of facilities, the priority attributed to users, and conditions that potential users must meet. The Procedures also describe the types of agreements, methods of identifying community needs for school facilities, and roles and responsibilities for developing and managing agreements.

The Procedures provide information for Principals to use when developing agreements with community users for up to 12 months. For agreements over 12 months, the Procedures provide additional guidance about responsibilities and delegations for developing these longer agreements.

In addition, for agreements up to 12 months, the Department has provided Principals with a community use agreement template and a schedule of minimum fees and charges for not-for-profit organisations.

In some circumstances, a tender process is needed to select the most appropriate community user/service operator. For example, a tender process is needed for:

- selecting children services, such as Out of School Hours Care (OSHC)
- commercial ventures, such as weekend markets
- shared use arrangements where the user wants to upgrade the facility.

The Department provides guidelines with practical advice on how to manage a tendering process to select the most appropriate community user/service operator. The main objective of the guidelines is to provide schools with a consistent process and necessary resources and tools to ensure probity, integrity and fairness when selecting community users to access school facilities.

3.2 Implementation and monitoring of shared use

The extent of shared use is unknown

In the course of this audit, we observed many examples of schools sharing their facilities with community groups. These varied from a school hiring a performing arts centre a few times a year to one hiring several facilities six days a week. The shared facilities we observed included:

- school halls
- performing arts centres
- classrooms
- offices
- school grounds
- sports ovals.

These facilities are used by community groups for various purposes, such as:

- children's services, like OSHC and vacation care
- community language schools
- dance music or drama lessons
- community theatre productions
- fitness classes
- sporting events.

The Department does not currently monitor the extent of shared use.

Exhibit 1: Examples of schools with a high level of shared use

Rosemeadow Public School

Rosemeadow Public School is located eight kilometres south of Campbelltown. The school is very proactive in sharing its facilities with the community. The facilities that are being shared include the school hall, an OSHC facility, canteen, gym, and offices. Some facilities are shared six days a week during school terms. The offices and OSHC facility are also hired during school holidays.

The facilities are used by OSHC and vacation care services, a not-for-profit organisation, a church group, and individuals.

In 2016, the Rosemeadow Public School collected around \$80,000 from the shared use of school facilities, although this figure does not account for costs involved in arranging and managing the shared use agreements.

Chatswood High School

Chatswood High School is located on the lower north shore of Sydney. The school's campus is situated on extensive grounds donated in 1959 on the condition that the school open space was made available to the local community.

During school hours, the school shares its grounds with nearby Chatswood Primary School and the Intensive Language School. After hours, classrooms are hired to Chinese, Spanish and Swedish community language schools, and the school oval is available to the public. On weekends, the school hall is hired to a church group and classrooms are made available to the Saturday School of Community Languages.

In 2016, Chatswood High school collected nearly \$12,000 from the shared use of school facilities, although this figure does not account for costs involved in arranging and managing the sharing agreements.

Source: Audit Office research, 2017.

Shared use offers benefits to school students and communities

Shared use of school facilities provides benefits to both schools and the community. Shared use arrangements can provide extracurricular learning opportunities for students and enhance cooperation between the school and community. Schools can use revenue raised from shared use to support student learning and/or to improve their facilities. Some community user groups fund upgrades to school facilities as part of their shared use agreement, and those upgraded facilities are then available to students.

There are limitations to sharing school facilities

The Department has over 2,200 schools across the state, encompassing over 26,500 buildings of varying condition, age and functionality. Schools also have outdoor facilities such as sports fields and ovals, swimming pools, and playgrounds. Many of these facilities can be shared with community groups, but there are limitations:

- shared use must not interfere with student learning, so most school facilities are not available during school hours
- some facilities are not designed to support shared use, such as primary school classrooms
- some facilities do not meet the requirements imposed by third parties, such as the minimum floor space per child requirement for OSHC services under the National Quality Framework
- some activities are prohibited at schools, such as gambling
- some facilities are in a poor state of repair and are therefore not fit-for-purpose.

Exhibit 2: Examples of facilities that do not meet requirements for shared use.



Facility design does not support shared use

Classrooms in Manly Valley Public School, as in most primary schools, are home bases for teachers and students. Student belongings and artwork are left in the classroom after hours leading to security and logistical issues if the classroom was made available for shared use.



Poor condition of the facility prevents shared use

The poor condition of the netball court at Wollongbar Public School is an impediment to hiring the court out.



Source: Audit Office research, 2017.

New and upgraded schools may increase the number of facilities available for shared use

The number of facilities suitable for shared use is likely to increase over time as the Department plans to build 24 new schools and upgrade or expand 80 existing schools over the next four years. Some of the new and upgraded facilities at these schools may be suitable for community use.

While the Department's 'Educational Facilities Standards and Guidelines' do not require school facilities to be specifically designed to support shared use, they encourage designers and architects to consider shared use, especially for facilities such as school halls. In addition, the Department is currently developing detailed specifications for OSHC facilities to be included in new and refurbished schools.

For financial years 2016–17 and 2017–18, the NSW Government allocated \$390 million for school maintenance, with \$60 million reserved specifically for schools with the greatest maintenance needs. This funding represents a substantial increase over the historical \$80 million per year, and will help upgrade school assets and make facilities more appealing to community users.

Not all schools have the same capacity to share facilities

Some schools raise significant revenue from shared use. However, the ability of schools to do this depends on the quality of facilities and their location. For example, Sydney Boys High School benefits from a location near major sports grounds and cultural venues. Special event car parking within the school grounds is offered to the wider community for a small fee, and represents a major source of fundraising for the school.

By way of contrast, our audit team visited a very small school with minimal land space and limited opportunities for sharing facilities. In the past, the school shared classrooms with a school of community languages, but student artwork was vandalised and private property was stolen, so the school now shares only its school hall with the community.

Some schools are more proactive than others when identifying opportunities for shared use

The stakeholders we consulted advised that opportunities for shared use are significant. However, the Department relies on schools, and in particular Principals, to identify and promote these opportunities.

In addition, information is not always readily available to potential community users about what school facilities are available for shared use, nor how to arrange access to a school facility.

We found that many schools are not pro-active in looking for opportunities. Several Principals we consulted advised that they do not have resources to seek opportunities and rely on potential users approaching the schools to check whether there are facilities that can be shared.

Exhibit 3: An example of a proactive approach to promoting shared use of facilities



The Hunter School of the Performing Arts has a 364-seat theatre. The theatre is one of the prime performance spaces in the Hunter region and hosts a wide range of concerts, musicals, plays, dance and other events.

The school website has a dedicated page with information for community groups interested in hiring the theatre, including:

- a guide on how to book the theatre
- the technical specification of the theatre
- the indicative hiring cost for the theatre and equipment
- an online booking tool.

Image: Department of Education.

Source: Audit Office research, 2017.

Improved marketing of available facilities is needed to maximise shared use

Accessible information about available facilities can help community users to identify new shared use opportunities. For example, sports clubs need regular access to sports facilities for training purposes in several locations. It would be beneficial for those clubs to identify the options available in one geographic area rather than approaching each school individually. A database with an online

access/portal could address this issue, allowing schools to promote their facilities, and community users to search for facilities available in their local area.

Local councils have centralised booking systems that could be utilised to assist in the management of school facilities within their local government area.

The Procedures encourage Principals to enter arrangements where local councils promote school facilities and organise bookings, but none of the Principals we spoke to use this option.

In the ACT, Principals nominate which facilities are available for shared use, and the ACT Education Directorate advertises the facilities on a central website, available to community groups.

The Department provides only limited assistance to Principals implementing the policy on shared use

Establishing and managing shared use agreements requires people with the skills to negotiate and then manage contractual agreements, including scheduling the use of facilities across multiple user groups, planning for the requirements of community users and communicating amongst different users.

These functions are devolved to schools, but few staff within schools are trained or experienced in asset management. The Department has provided procedural support through the Procedures, but the majority of Principals we consulted did not feel confident in the role of asset manager, had no additional resources to take on this function and receive no asset management training. Only limited support is available from within the Department.

Developing shared use agreements is time consuming and creates a burden on Principals

School Principals are responsible for assessing, negotiating and establishing shared use agreements for periods up to 12 months.

Many shared use agreements are negotiated with relatively small, not-for-profit community groups, some of which find it difficult to provide necessary information and regulatory approvals related to their operations and their proposal to share school facilities. Important approval requirements, such as current working with children checks, insurance, planning approvals, drafting plans and documents, and scheduling timetables are often insufficiently prepared when first presented to the school. Rectifying these issues to meet the Department's requirements can be time consuming for schools.

Longer-term agreements must be approved by the Department, although the Principals remain heavily involved in the negotiations and ongoing management of the agreement.

For longer term agreements, the Department is responsible for providing support to schools in drafting legal documents, tender calls, fees and term negotiations but the Department has no time targets for responding to Principals' enquiries or processing documents associated with shared use. School Principals advised us of frequent difficulties accessing technical advice in a timely manner, resulting in delays in approving agreements and excessive time spent following up requests for approval.

All stakeholders we consulted advised that:

- the extent and success of shared use greatly depends on the willingness of individual Principals
- many Principals are risk averse and opt to exclude non-school related activities from school property rather than managing risks incurred through granting public access.

Managing shared use agreements is time-consuming and risky for Principals

The Principals we consulted advised of several risks associated with the shared use of facilities, including potential vandalism of the school site or loss of property, constrained access to facilities when needed for school purposes, and agreed fees not covering the costs incurred by the school. In addition, community groups may expect access that the school cannot easily provide. For example, community groups cannot access secondary school halls during the period of HSC exams.

The Department recognises that the effort needed by school Principals and Department staff to resolve these matters can be at times disproportionate to the benefits of sharing facilities. A new online management system is currently being piloted in 54 schools and is expected to be available to all schools in 2018. This system will provide additional procedural support to Principals.

While community users or their insurers must pay for damage to property and equipment, proof of responsibility can be difficult to establish.

If a school needs to break an agreement, such as when the student population increases and they can no longer provide access to a community group, a lengthy process of mediation with the community group may be required. Some Principals prefer not to take on this risk.

Most Principals we spoke to would welcome assistance in managing their facilities outside school hours. One option, encouraged within the Procedures, may be for councils to manage the shared use of school facilities out of hours, including managing bookings for community users. The Councils we spoke to confirmed their capacity to manage school facilities out of hours.

Also, the Minister for Education recently announced \$50 million in school support funding to help Principals with school administration. These funds are intended to provide extra support staff in schools to relieve Principals from administrative tasks. Depending on their skills and experience, these additional school support staff could potentially relieve Principals of some of the administrative burden associated with managing shared use.

Cost of sharing school facilities may not be recovered by the school

The Procedures state that schools should, at a minimum, recover all costs of sharing facilities with community groups, with some exceptions. The Department could not provide evidence that full costs are recovered.

To assist Principals set fees for sharing facilities, the Department publishes a schedule of minimum hire rates for not-for-profit community groups. See Appendix 4 for current hire rates. No guidance is provided to Principals on how to adjust these rates to reflect the actual conditions of the facilities. Principals we spoke to were reluctant to deviate from the published, minimum rates, and most reported that they were not recovering their costs.

Hire rates for agreements exceeding 12 months are determined by the Department in consultation with Principals. To determine lease and licence fees, the Department's Asset Division uses hire rates for community use of facilities prescribed in 'A Guide for Asset Management Units, Community Use of School Facilities, Implementation'. The guidelines provide different rates for not-for-profit and for-profit community users. It is not clear how these rates have been developed.

The process for schools to spend money raised through shared use is improving but the approval backlog is significant

One incentive for schools to share facilities is the opportunity to re-invest the money raised into projects aimed at improving teaching and learning. For example, schools may choose to use the funds to purchase computers, provide additional in-class teaching support or to develop or refurbish school infrastructure, as shown in Exhibit 4.

Exhibit 4: An example of a school using funds raised through shared use of facilities



Revenue raised by Rosemeadow Public School through shared use of facilities has been spent on: a new playground, covered outdoor learning area, additional learning spaces, OSHC facility, small gym, and additional offices.

Source: Audit Office research, 2017.

All proposals to build or refurbish school infrastructure require some level of approval from the Department. Initially, schools needed to gain approval from their Directors and Executive Directors for all works. At present, levels of approval are based on the financial value of the proposed work. For approved works with a value up to \$30,000, schools can choose their own contractors and manage the work. Work with a value of \$30,000 or more are subject to a tender process managed by the Department.

The approval process is now available online, enabling progress of the work to be more easily monitored by the Department.

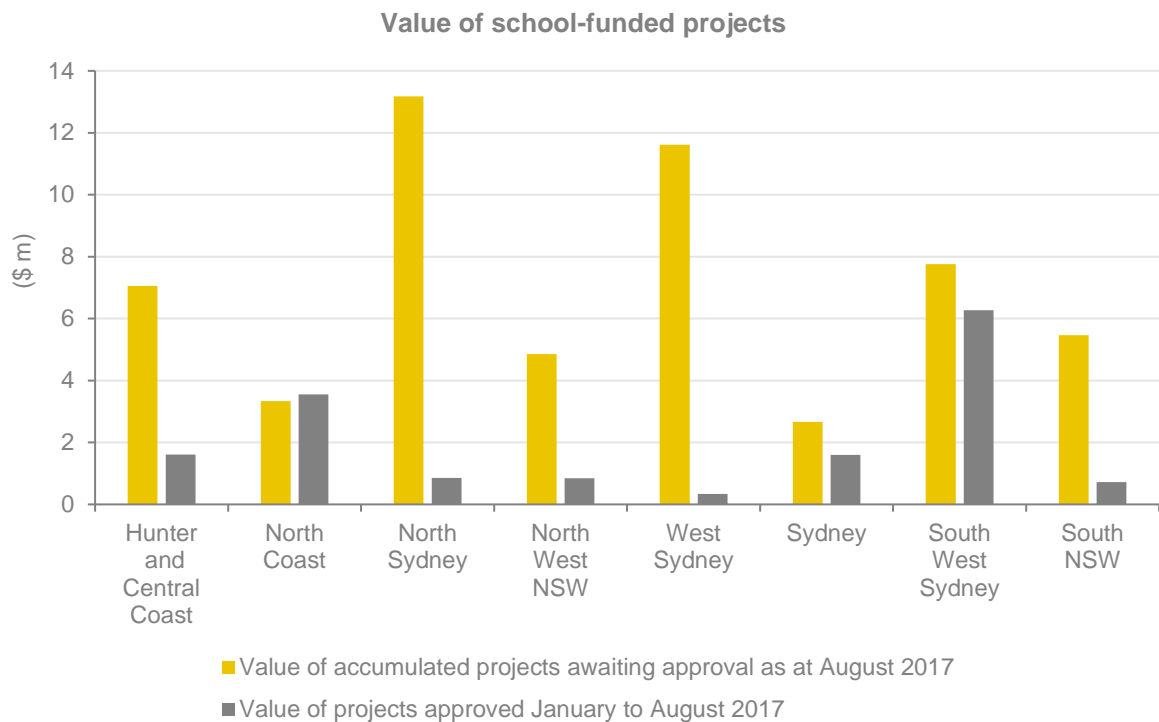
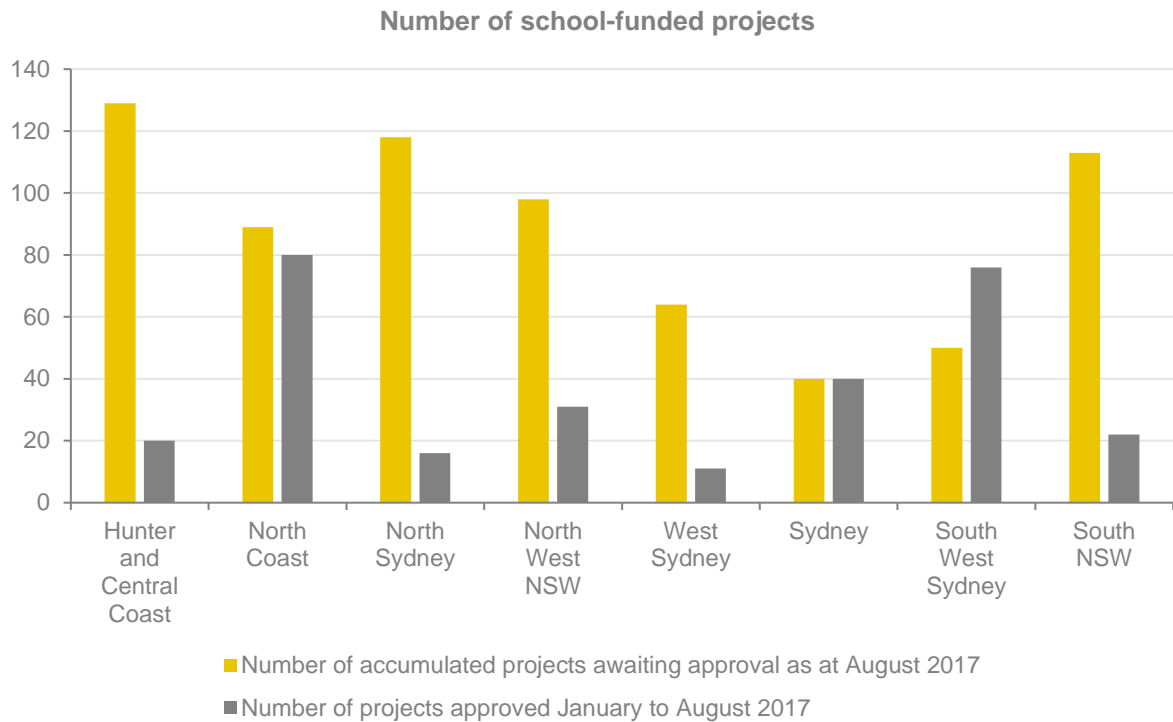
School Principals that we consulted advised of significant delays in obtaining approval from the Department for infrastructure proposals both above and below the \$30,000 threshold.

The Department advised of a backlog of 701 proposals, requested and funded by schools, awaiting approval. The value of these projects is \$56 million. This represents funds raised by schools through sharing facilities or other fundraising activities, but which cannot be used to provide improved facilities until the approval process is completed. Some proposals have been waiting for approval for more than 12 months.

The Department does not know when the applications were submitted as this information has not been retained, although Department staff confirmed the delay and backlog.

The graphs in Exhibit 5 show the substantial number of school-funded projects in each school district awaiting approval compared to the comparatively small number approved. For example, schools in the North Sydney district have requested approval for 134 projects worth \$14 million. Between January and August 2017 only 16 projects were approved, leaving 118 applications awaiting approval, with a value of \$13 million.

Exhibit 5: School-funded projects.



Source: Department of Education, 2017.

The graphs in Exhibit 5 also identify that some school districts request approval for many more projects than others. Each school district has the same number of staff processing approvals, which increases the backlog in school districts with high numbers of proposals.

The Department has no strategy for reducing the backlog of school-initiated proposals awaiting approval

The Department's Assets Division currently has 25 staff allocated to the Department's minor capital works program, which is worth around \$60 million per year. No additional staff are allocated to approving projects proposed by schools and third parties, even though the value of these projects

is worth at least as much as the Department's own minor capital works program. Assets Division staff work on approving school proposals when they have spare capacity, but the current backlog of 701 projects is unlikely to be completed unless additional resources are applied.

The Department is recruiting an additional 34 staff, but these staff will be allocated to the Department's \$390 million priority maintenance program and again can only work on approving school proposals when they have spare capacity.

In April 2017, the Minister for Education announced the establishment of a new delivery unit, School Infrastructure NSW, to oversee the planning, supply and maintenance of New South Wales schools. The Assets Division is currently being restructured to become School Infrastructure NSW. This restructure provides an opportunity to examine processes, forecast workload and develop staffing plans for the new unit.

The Department does not monitor shared use of facilities and measure performance of schools against KPIs

The Department is developing an online management system to support Principals in implementing the Community Use of School Facilities Policy and to reduce the administrative burden on schools.

An additional benefit of the new online system will be the ability for the Department to generate quantitative reports on shared use throughout the State. Information captured by the online management system will help the Department to compare and benchmark schools based on the number and value of shared use agreements, but will not provide feedback about whether the shared use arrangements are successful.

Quantitative indicators alone, such as income and number of agreements, are not complete measures of shared use objectives, which include both economic and social objectives. The 'Guidelines for Sustainable Management of Community Recreational Facilities' indicates that where quantitative performance indicators are used, greater emphasis is placed on efficiency and financial performance, with less emphasis on meeting social objectives. Qualitative indicators, such as user satisfaction levels, and social outcomes such as contribution to the health of the community and quality of life issues, are more difficult to measure and may require the Department's involvement in monitoring.

The Department should develop both quantitative and qualitative indicators of the performance of schools in sharing their facilities, and implement processes to monitor performance of shared use agreements.



4. Joint use of school facilities



The Department is planning a more strategic approach to increase the joint use of school facilities. However, several barriers, some outside the Department's control, must be addressed to fully realise benefits of joint use agreements.

As discussed in our 2017 audit report on 'Planning for school infrastructure', joint use agreements are a key direction of the School Assets Strategic Plan. Joint use of school facilities will be necessary to ensure that there will be enough fit-for-purpose learning spaces for students when and where needed. Under the 'Community Use of School Facilities Policy' Principals play the leading role in identifying opportunities, and developing and managing agreements for sharing school facilities. This is impractical for joint use projects which involve substantial investment in new or refurbished assets, in particular for joint use projects in schools that are yet to be built. In addition, the policy does not address joint-use facilities built on land not owned by the Department. For these reasons, the Department is developing a new policy.

The Department is planning to develop joint use agreements in a more systematic way as part of school community planning, previously known as cluster planning, with a special focus on local councils. Several agreements are currently being piloted, and will be evaluated to provide an evidence-based foundation for this new approach.

To develop or refurbish school facilities for joint use, the Department, councils and other key stakeholders must work together and prioritise joint use from the earliest stages of any project. A collaborative, multi-agency approach is needed to ensure sufficient fit-for-purpose facilities are available for school students within the funding framework proposed in the School Assets Strategic Plan.

To increase shared and joint use, the Department is recruiting specialist staff in its Asset Division to assist with the brokerage, community engagement and development of agreements, but these staff are not dedicated to joint use projects and their available time may not be sufficient to provide the necessary support in the timeframes required.

Recommendations

By December, 2018, the Department of Education should:

- ensure that the implementation of the new 'Joint Use of School Facilities and Land Policy' is adequately resourced, and has the support of Principals
- implement processes to monitor and regularly evaluate the implementation of joint use policy and promote better practice to drive improvements.

4.1 Department's policy and guidance on joint use

Joint use agreements reflect a key direction of the new School Assets Strategic Plan

Currently, both joint and shared use arrangements for existing schools are supported by the 'Community Use of School Facilities Policy' and 'Community Use of School Facilities Implementation Procedures'. These documents are focused on existing schools and do not include the process for developing agreements with schools yet to be established, or agreements for facilities built on land not owned by the Department. In addition, the procedures devolve responsibility for developing joint use agreements to Principals and individual schools.

The School Assets Strategic Plan (SASP), published in June 2017, promotes the development of joint use agreements in a systematic way. The SASP is a high-level strategy that sets the direction and framework for delivery of school infrastructure and long-term funding required to support expected enrolment growth.

The SASP acknowledges that schools in Sydney region must be built on smaller parcels of land to accommodate more students in urbanised areas. Traditionally, the Department of Education allowed six hectares of land for high schools and three hectares for primary schools. The SASP allows schools to be built on only 2.5 hectares and 1.5 hectares of land respectively, on the assumption that new schools can be co-located with public assets, such as council-managed sports grounds or performing arts centres, with development and maintenance costs to be shared between the Department of Education and other users.

The SASP introduces an approach to delivering and managing school infrastructure across a wider geographic area serviced by a cluster of five to ten schools to ensure sufficient fit-for-purpose learning spaces for the expected population. Without joint use of facilities, the cost of new and redeveloped schools will exceed the available budget.

To support the new school community planning approach, the Department is developing a 'Joint Use of School Facilities and Land Policy', supported by procedures and templates, which proposes that joint use agreements are established by the Department rather than by individual schools. This approach will also enable the Department to apply specialist skills to developing joint use agreements between the Department and partners, rather than relying on individual Principals.

4.2 Implementation and monitoring of joint use agreements

Joint use offers benefits to school students, the Department, partners and the community

The demand for additional facilities and services, and limited land availability in some areas, is driving the need for greater efficiency when developing and using social infrastructure. Joint use agreements provide opportunities to minimise duplication of facilities and maximise use of valuable community assets. Benefits from joint use include:

- more efficient use of land, reducing the cost of school infrastructure
- cost sharing with joint use partners
- better quality assets provided through pooling of resources
- enhanced relationships between schools and their communities.

Generally, there is strong community support for sharing school facilities. A community survey commissioned by Infrastructure Victoria found that 93 per cent of people supported the inclusion of facilities for shared community use in the design of new and redeveloped schools.

The process of securing a location for a joint use project in new precincts lacks coordination

Greenfields development and large brownfield re-development precincts offer substantial opportunities to develop sites in a way that encourages joint use of facilities. To achieve joint use, the Department relies on other stakeholders to consult with the Department early in the planning process to ensure that suitable sites are secured for co-located school and community facilities. This does not always happen and opportunities are missed.

During the planning process for both greenfield and brownfield precincts, the Department of Planning and Environment consults the Department of Education about potential school sites. Stakeholders we spoke to reported that this consultation sometimes occurs too late in the planning process for the Department of Education to identify optimal locations that will support joint use of facilities. Local councils are also involved in this process and provide input into the proposed size and location of open spaces and sporting fields. With no mandate for co-location, the extent to which sites for schools and open space are co-located within the plans is influenced by the views of planners and local council staff involved and the priority they might give to joint use principles.

Exhibit 6: Planning guidelines encourage co-location

The 'Priority Growth Areas Development Code' contains objectives to guide the planning and provision of community facilities and open space within the Sydney Priority Growth Areas. These include specific objectives in relation to the location, co-location and multiple use of community services and facilities to:

- facilitate efficient use of resources and services through maximising opportunities for joint, shared or multiple-use of open space and community facilities
- ensure that adequate social, cultural and community facilities are appropriately located in relation to public open spaces
- facilitate the viability of social facilities by means of appropriate location and distribution
- maximise accessibility and convenience of social facilities and services through co-location.

The 'Priority Growth Areas Development Code' is only a guideline and planners are not required to meet these objectives.

Source: Priority Growth Areas Development Code.

The Department of Planning and Environment can zone land for schools as 'special purpose' which prevents any other party than the Department from purchasing the land. The Department of Planning and Environment advises that its historical practice has been to do this where the Department commits to acquiring the land within 12 months. If the Department cannot commit to meet the Department of Planning and Environment's timeframe, then the land may instead be zoned as residential land, which is available to other purchasers. This can result in lost opportunities to co-locate school and community facilities.

The SASP makes reference to the Office of Strategic Lands purchasing land on behalf of the Department, but those arrangements are not yet in place. Department staff advised us that negotiations are underway. Such arrangements would increase the likelihood that optimal school sites are secured early in the planning stage. Recently, one of our audits found that the Office of Strategic Lands:

- fulfils an important role as a self-funding long-term land holder and manager but it is not used as extensively as it could be
- has the potential to play a much bigger role in assisting New South Wales Government agencies with longer term planning by partnering with them to identify, acquire, hold and manage land for future needs.

As an alternative, the developer may agree to secure the land for the Department of Education under a Voluntary Planning Agreement (VPA). The Department advised that this can be attractive to a developer as the demand for housing increases when there is a school nearby. A VPA between the developer, the Department of Education, the Department of Planning and Environment and the local council may be negotiated during the early stages of planning to secure land for a school that is co-located with council land. There is no mechanism to ensure that this type of negotiation takes place.

A review commissioned by the Department of Planning and Environment in 2012 found that if land is held by a single developer, the prospects for joint use outcomes are greater, as the developer may drive the negotiations. Where land ownership is fragmented, there may be no "champion" for the process, and the likelihood of reserving suitable sites for joint use of facilities is substantially reduced.

Exhibit 8 describes a brownfields precinct in Sydney that was redeveloped with no plans for a school. The need for a school was identified after the land was sold, requiring school facilities to be fitted into a sub-optimal site.

Exhibit 7: An example of brown field precinct planning that did not include schools



Green Square precinct

Green Square is one of the most significant urban transformation programs under construction in Australia. By 2030, Green Square will become Australia's most densely populated suburb following the influx of 61,000 residents. This massive development has been planned without any school. The Department intended to accommodate primary and secondary school students from the Green Square area in surrounding suburbs, but these schools are already at or over capacity.

In response to this challenge, the Department has recently opened negotiations with the City of Sydney to identify possible joint use agreements regarding schools that service the Green Square precinct.

Image: <http://www.spatialmedia.com.au/project/green-square/>

Source: Audit Office research, 2017.

During the course of this audit, a Parliamentary Inquiry was initiated into Land Release and Housing Supply in NSW. The Department of Education is preparing a submission that addresses a number of issues associated with securing suitable land for joint school and community use.

Other jurisdictions coordinate joint use opportunities early in the planning process

The importance of considering co-location of facilities early in the planning process is underscored by successful experience in other jurisdictions. Governments in both Victoria and Queensland have established programs that provide a coordination function early in the planning process for cross-agency infrastructure projects.

In Victoria, coordination between planners, developers, local councils and the Department of Education and Training is led by the Department of Environment, Land, Water and Planning (DELWP). This coordination involves engaging community infrastructure brokers early in the planning process at the time integrated master plans are developed. These brokers are jointly funded by the DELWP and local government partners. This process has been successfully piloted in Melbourne over three years. Since 2016, the functions of brokers have evolved to support integrated planning and delivery in both established and greenfield areas that are experiencing rapid population growth.

In Queensland, the Community Hubs and Partnerships (CHaPs) program is a dedicated multi-agency initiative that creates partnerships and facilitates social service and infrastructure planning across agencies and the community and private sectors. A review of projects undertaken by the CHaPs program found that the program adds the most value at the initial project stage, when project scope is flexible for adaptation to a range of community service demands and agency requirements.

In New South Wales, the responsibility for joint use planning is unclear. While government has expressed support for joint use of facilities, no agency has been given overall responsibility and power to make sure it occurs.

The Department is working to gain councils' support for joint use arrangements

The Department is focusing on pursuing joint use opportunities with local councils, which provide a range of facilities and services to meet the needs of residents. Councils have a legislative requirement to develop Community Strategic Plans that include provision and maintenance of community facilities.

Councils we consulted are generally supportive of the need to work with the Department as many councils in metropolitan Sydney have a deficit of open spaces and community facilities.

Exhibit 8: An example of opportunity for joint use

By 2036, the population in Epping is expected to grow by 51 per cent. Epping is within the City of Parramatta local government area.

The 2017 'Epping Social Infrastructure Study' assessed current social infrastructure and future demands in Epping and found that:

- total available open space is low for the current population, especially sports fields
- recreational facilities lack diversity and quality, especially for older children and young adults
- by 2036 there will be a gap between required and available recreation and sporting open space of around 56 hectares.

The study recommended that the City of Parramatta should:

- work with key stakeholders in Epping to incorporate non-council facilities for hire into Council's centralised booking system
- develop formal partnerships with the Department of Education to increase community after-hours access to school facilities such as halls, sports fields and recreation facilities.

The Council has estimated the cost of social infrastructure deficit at \$1 billion in the Parramatta local government area, including Epping.

Source: Audit Office research, 2017.

The local councils and stakeholders we consulted with advised that a number of schools and councils have achieved successful joint use arrangements, but some councils have been discouraged by unsuccessful agreements. These include examples where memoranda of understanding (MOUs) have been agreed, only to be cancelled later by Principals or other sections within the Department, and some inflexibility in dealing with key concerns including safety and security. These past poor experience results in local councils' lack of confidence and trust that investing with the Department in new joint use projects will provide community benefits.

To address the concerns of some councils, the Department is consulting with local councils and promoting examples of successful joint use of facilities and the new approach to arranging joint use agreements. Also, the Department is trialling MOUs with three local councils that state that both parties are willing to collaborate on identifying and entering into joint use opportunities.

Exhibit 9: Examples of successful joint use agreements

Northern Beaches Indoor Sports Centre

The Northern Beaches Indoor Sports Centre (Centre) was opened in 2002, consisting of four indoor multi-purpose courts with facilities for netball, basketball, indoor soccer and volleyball.

The Centre is a partnership between Pittwater Council, the Department of Sports and Recreation and the Department of Education. During school hours, the facility is used by Narrabeen Sports High School and North Narrabeen Public School. The Centre is managed and operated as a private not-for-profit organisation and is available for hire by clubs.



Integrated community precinct

Victoria Avenue Public School is part of an integrated community precinct partnership between the Department of Education, City of Canada Bay Council and Sydney Local Health District. The precinct, opened in 2015, includes a child care centre, early childhood health services, OSHC, shared use of the playing fields and a communal hall.

The council owns and manages the Victoria Avenue site and the Department leases it free of charge. The Department pays for capital and maintenance costs of the facilities. The Department built the sports field and a school hall larger than the standard size, and the community can use both facilities after school hours.

Images: www.indoorsports.net.au/facility/index.shtml, <http://a4le.org.au/awards/2015-awards/2015-category-5-an-educative-initiative/-/design-solution-for-an-innovative-program/victoria-avenue-community-precinct-canada-bay-ps>

Source: Audit Office research, 2017.

Successful joint use agreements such as those included in Exhibit 9 require substantial levels of brokerage between all parties. The Department has recently recruited four School Planning Directors for this task, but these staff are primarily responsible for preparing approximately 250 school community plans across the state. These staff may not have sufficient capacity to identify and develop enough joint use opportunities to achieve the outcomes of the SASP. The Department should closely monitor the progress of joint use development over the next 12 months to determine whether the allocated resources are sufficient.

Gaining school Principals' support for the policy is critical

Under the new 'Joint Use of School Facilities and Land' policy, joint use agreements may involve complex relationships across several schools and be linked to a broader arrangement for access to non-school land and facilities. It is appropriate that these agreements are negotiated at a cluster or central level rather than by individual Principals.

While no longer responsible for identifying opportunities, school Principals will still be critical to the successful implementation of joint use agreements. Under the new policy, Principals will be responsible for ensuring that the Department's obligations toward other parties are met. It is important for the Department to work together with Principals to gain their support for the new policy. Principals must feel confident that the new policy focuses on benefits to students.

The Department is planning to consult with local communities on joint use projects

As discussed in our 2017 audit report on 'Planning for school infrastructure', the proposed approach to design and delivery of new and redeveloped schools represents a significant departure from current practice. This includes arrangements for the joint use of facilities to help reduce the footprint of schools. There is a risk that some communities will not support such an approach. This could delay or stop implementation at some schools, which may increase costs of school infrastructure.

The Department has developed a new School Infrastructure NSW website which may assist with disseminating information and communication about joint use projects. The Department advised that it is also establishing a communication unit dedicated to community consultation and engagement, especially for high-risk projects.

Developing joint use agreements is difficult, time consuming and requires specialist skills

While beneficial for all parties when successfully implemented, joint use agreements are complex and require long-term commitment from involved parties. Reaching agreement can take a long time and require approval of external groups. When developing agreements that involve substantial investment, prospective partners need to overcome issues such as tenure, security and cost recovery. The new 'Joint Use of School Facilities and Land Policy' requires the joint use agreements to outline responsibilities of all parties in relation to:

- management structures
- financial arrangements
- legal matters
- design and construction considerations.

The Department and councils are likely to encounter conflicting requirements that may delay or even terminate negotiations. For example:

- Local councils want the new schools in the greenfield areas to provide sufficient parking space to support community use of school facilities, while the Department prefers to minimise the land used for parking.
- Safety is a priority for schools, and the design must ensure the security of students and community users. At the same time, some local councils are of the view that high fences around schools prevent community access to school facilities.

Development of joint use agreements requires sufficient resourcing to ensure that all aspects of the agreement are appropriately and adequately negotiated. The Department has recently recruited two staff to its Asset Division who specialise in commercial transactions to help with the development of these agreements and is planning to recruit an additional four staff with the same expertise when the school community planning process is implemented. The level of resources applied to developing commercial transactions with councils and other commercial partners may not be sufficient to ensure the outcomes of the SASP are achieved. The Department should closely monitor the progress of these commercial agreements over the next 12 months to determine whether the allocated resources are sufficient.

Infrastructure Victoria estimates that each new or developed school requires approximately \$1 million to support joint planning and design of school sites for joint use. Victoria's '30-Year Infrastructure Strategy' recommends that all school infrastructure projects receive this funding in addition to any investment in physical assets.

Lack of monitoring and reporting has prevented the evaluation of joint use arrangements

During the audit, the Department began collecting and recording information on joint use of school facilities. The Department is planning to incorporate this information into their asset database.

The Department is yet to develop KPIs that will assist with monitoring the implementation of the new policy and support the evaluation of joint use initiatives.

The Department has several projects underway with local councils in metropolitan Sydney as well as in regional New South Wales. These projects will be used to evaluate the process of establishing joint use arrangements and provide valuable insight into appropriate resourcing and methodologies required as well as potential issues involved in the implementation of effective joint use agreements.

Exhibit 10: An example of a new joint use pilot project



The Department is consolidating Ballina High School and the secondary portion of Southern Cross School into a new high school within the Ballina township, to open in 2019. The new school is being developed as a joint use partnership with Ballina Shire Council, and will incorporate an indoor sporting centre and performing arts facilities, both designed to encourage community access.

This joint use agreement is providing both parties with an enhanced facility that would have been beyond the scope of either on its own. The council is contributing approximately \$8.5 million, matched with a 50-year formal lease that provides operational and management surety.

Source: Department of Education 2017.

Section two

Appendices



Appendix one – Response from agency



Ms Margaret Crawford
Auditor-General of New South Wales
Audit Office of New South Wales
GPO Box 12
SYDNEY NSW 2001

DGL17/957

Dear Ms Crawford

I write in response to your letter of 26 September 2017 inviting a response from the Department of Education to the final New South Wales Auditor-General's Report, Performance Audit – Sharing school and community facilities (your reference: PA6599).

The Department of Education welcomes the report as an opportunity to review our practices in relation to sharing school and community facilities and enhance our support of shared school and community facilities.

I note the constructive suggestions made in the recommendations of the report and attach a formal response from the department to be incorporated into the published report.

I can advise that the department accepts the report's recommendations.

I would like to thank the review team of the Audit Office for working with officers from the department to make this audit a worthwhile and constructive exercise.

Yours sincerely

Mark Scott AO
SECRETARY
DEPARTMENT OF EDUCATION

20 October 2017

NSW Department of Education
35 Bridge Street Sydney NSW 2000 GPO Box 33 Sydney NSW 2001 T 02 9561 8000 F 02 9561 8465
www.det.nsw.edu.au

**Department of Education response to the New South Wales Auditor-General's
Report, Performance Audit – Sharing school and community facilities**

Recommendation 1: Increase incentives and reduce impediments for school Principals to share school facilities, including:

- a) review the methodology for calculating fees charged for facilities to ensure that shared use of school facilities does not result in a financial burden to schools or the Department**

The department will review the methodology for calculating fees charged for facilities. Currently, the department provides cost-recovery fees taking into account utilities costs (electricity, water and gas); and cleaning and waste removal costs. These fees were recently updated and are published as guidance only. Schools are able to set their own cost recovery fees.

- b) improve support provided to Principals by School Infrastructure NSW, including reducing the backlog of school-initiated infrastructure proposals awaiting approval**

The department will recruit additional resources to support schools in implementing community use of school facilities and reduce the backlog of school-initiated infrastructure proposals awaiting approval.

- c) develop service standards, including timeframes, for assessing and approving school-initiated infrastructure proposals**

The department will develop new service standards to respond to issues in assessing and approving school initiated infrastructure proposals. These will be based on responding to the issues and problems encountered in clearing the existing backlog, preventing the reoccurrence of this issue.

Recommendation 2: Provide readily-accessible information about available school facilities to community groups and local councils

The department will consult with schools to develop a solution that will make information about available school facilities accessible to community users.

Recommendation 3: Ensure that the implementation of the new 'Joint Use of School Facilities and Land Policy' is adequately resourced, and has the support of Principals

Schools Infrastructure NSW will develop a resource plan that incorporates appropriate staffing and resourcing to manage Joint Use Project Agreements.

The department will ensure that the ongoing implementation of the Joint Use of School Facilities and Land Policy retains the support of principals and considers individual school needs for each agreement. In developing the Joint Use of School Facilities and Land Policy, School Infrastructure NSW consulted extensively including with the Primary Principals' Association and the Secondary Principals' Council Asset Reference groups.

Recommendation 4: Implement processes to monitor and regularly evaluate the implementation of shared use and joint use policies and promote better practice to drive improvements.

The department will review the Joint Use of School Facilities and Land policy and the Community Use of School Facilities policy along with the supporting implementation documentation as part of the department's three year review cycle or when an event occurs which may require a review of or changes to the policy.

The department will also further develop the online management system to monitor implementation of the Community Use of School Facilities policy and assist schools in implementing the policy.



Appendix two – About the audit

Audit objective

The audit assessed how effectively schools share facilities with each other, local councils and community groups.

Audit criteria

We addressed the audit objective by assessing whether the Department:

1. has a clear policy to encourage and support facilities sharing
2. is implementing evidence-based strategies and procedures for facilities sharing
3. can show it is realising an increasing proportion of sharing opportunities.

Audit scope and focus

The audit scope included:

- existing and new facilities
- sharing agreements with local councils, not-for-profit organisations and private sector
- standard facility rental/leasing arrangements
- long term 'partnership/joint venture' arrangements.

The audit focused on the Department's approach to sharing school and community facilities over the past five years, and plans for the short to medium term.

Audit exclusions

The audit did not review agreements, leases, licences and deeds for individual schools.

Audit approach

This audit involved:

- examination of relevant documents, including policies, strategies, plans, procedures, guidelines, standards, and MoUs analysis of data on sharing facilities
- discussions with key staff in the Department of Education
- consultations with a selected group of school Principals
- consultation with key stakeholders, including the Treasury, Greater Sydney Commission, Office of Local Government, non-government school and local council representatives
- research into better practices
- a comparison with approaches in other jurisdictions where relevant and appropriate.

We adopted a citizen's perspective in our audit, focusing on results as well as process.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3500 on performance auditing. The Standard requires the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with the auditing requirements specified in the *Public Finance and Audit Act 1983*.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by the Department of Education. In particular, we wish to thank our liaison officers and staff who participated in interviews and provided material relevant to the audit.

We would also like to thank other stakeholders that spoke to us and provided material during the audit.

Audit team

Bettina Ocias and Francois Chee conducted the performance audit, Rod Longford, Susan Loane and Claudia Migotto provided strategic directions. Sally Bond was the Engagement Reviewer.

Audit cost

Including staff costs, travel and overheads, the estimated cost of the audit is \$276,390.



Appendix three – Victoria's 30-Year Infrastructure Strategy

Recommendations on sharing of facilities

Public space utilisation. Activate and open-up State government land and facilities for wider community use by undertaking an audit to identify underutilised assets and reviewing and removing barriers to their use within 0-5 years. The initial focus should be on opportunities to utilise the estimated 2,400 hectares of school grounds across metropolitan Melbourne outside school hours, provide land for community use in areas where land is in high demand and increase green infrastructure. The findings of the audit should be published to show where opportunities for better use of government assets exist currently and where they are likely to be in the future.

Community space shared use agreements. Better support the sharing of state facilities by local government, service providers and community organisations by standardising shared use agreements and providing supporting tools and guidelines within 0-5 years. As a first step, there should be a review of the effectiveness of existing agreements and barriers to the use of these agreements.

Community space refurb/rationalisation. Create an incentive fund with clear criteria to assist local government, service providers and community organisations to refurbish or rationalise community assets (such as kindergartens, sports facilities and parks) over 0-30 years to better meet the needs of the community, while ensuring financial sustainability. A reasonable level of funding would be required as an incentive, with local governments and other organisations placing bids to government on the basis of demonstrating a significant service gap, refurbishment requirements, resource constraints and efforts to divest surplus or ineffective assets.

Public libraries. Provide additional support to local government for the delivery of 21st century municipal libraries (new or upgraded) over 0-30 years. Even a limited increase in state government funding would better recognise the cost of these facilities, which perform a crucial role in supporting lifelong learning, providing communities with access to digital technology and meeting multiple community needs. In some instances, it may be appropriate to integrate municipal libraries with schools.

Schools as community facilities. Transform state schools into community facilities over 5-30 years. This could involve integrating kindergartens, long day care and other family services, providing spaces for community education, and sharing arts facilities, sports facilities and libraries, depending on the needs of the local community. The focus would be on designing all new schools as community facilities and progressively transitioning existing schools during major scheduled upgrades. As a first step, funding, governance and planning arrangements for these facilities would need to be reformed. This would include an increased role for local government and other co-investors in schools as partners in the management of these shared assets.

Government service/infrastructure planning. Formalise an area-based, whole-of-government, integrated service and infrastructure planning and investment prioritisation process within 0-5 years to improve coordination and minimise siloed decision-making. Initially this would focus on mechanisms to make state government departments plan services and infrastructure better together. Once state government has become more integrated, it will be critical to include local and federal government in this process to enable more effective integrated land use and infrastructure planning.

School investment pipeline. Publish, on an annual basis, 5-year investment priorities for new and upgraded government schools, alongside the planning data that shows demonstrated need, within 0-5 years. This transparency will communicate to communities how priorities are made, provide greater certainty and lead times to enable co-investment to occur and reduce the need for community advocacy.



Appendix four – Not-for-profit hire charges

The following charges were published in January 2015 and have not been updated since. Charges do not include GST.

Charges per hour*	Venue
\$5.10	Classroom x 1
\$7.82	Demountable
\$25.40	Hall - Small
\$40.95	Hall - Large
\$1.44	Office / meeting room
\$18.69	Library-primary school
\$33.98	Library-high school
\$3.82	Toilet block
\$5.71	Canteen
\$10.38	Multi-purpose court
\$12.75	Playing field
\$10.19	Staff common room

* A minimum payment of two hours is suggested.

Source: Department of Education, 2017.



Appendix five – Performance Auditing

What are performance audits?

Performance audits determine whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of a government agency or consider particular issues which affect the whole public sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in section 38B of the *Public Finance and Audit Act 1983*.

Why do we conduct performance audits?

Performance audits provide independent assurance to parliament and the public.

Through their recommendations, performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also focus on assisting accountability processes by holding managers to account for agency performance.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, the public, agencies and Audit Office research.

How are performance audits selected

When selecting and scoping topics, we aim to choose topics that reflect the interests of parliament in holding the government to account. Performance audits are selected at the discretion of the Auditor-General based on our own research, suggestions from the public, and consultation with parliamentarians, agency heads and key government stakeholders. Our three year performance audit program is published on the website and is reviewed annually to ensure it continues to address significant issues of interest to parliament, aligns with government priorities, and reflects contemporary thinking on public sector management. Our program is sufficiently flexible to allow us to respond readily to any emerging issues.

What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing. They can take up to nine months to complete, depending on the audit's scope.

During the planning phase the audit team develops an understanding of agency activities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the agency or program activities are assessed. Criteria may be based on best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork the audit team meets with agency management to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with agency management to check that facts presented in the draft report are accurate and that recommendations are practical and appropriate.

A final report is then provided to the agency head for comment. The relevant minister and the Treasurer are also provided with a copy of the final report. The report tabled in parliament includes a response from the agency head on the report's conclusion and recommendations. In multiple

agency performance audits there may be responses from more than one agency or from a nominated coordinating agency.

Do we check to see if recommendations have been implemented?

Following the tabling of the report in parliament, agencies are requested to advise the Audit Office on action taken, or proposed, against each of the report's recommendations. It is usual for agency audit committees to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee (PAC) to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report is tabled. These reports are available on the parliamentary website.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

Internal quality control review of each audit ensures compliance with Australian assurance standards. Periodic review by other Audit Offices tests our activities against best practice.

The PAC is also responsible for overseeing the performance of the Audit Office and conducts a review of our operations every four years. The review's report is tabled in parliament and available on its website.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament.

Further information and copies of reports

For further information, including copies of performance audit reports and a list of audits currently in progress, please see our website www.audit.nsw.gov.au or contact us on 9275 7100.

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR MISSION

To help parliament hold government accountable for its use of public resources.

OUR VALUES

Purpose – we have an impact, are accountable, and work as a team.

People – we trust and respect others and have a balanced approach to work.

Professionalism – we are recognised for our independence and integrity and the value we deliver.

Level 15, 1 Margaret Street
Sydney NSW 2000 Australia

PHONE +61 2 9275 7100

FAX +61 2 9275 7200

mail@audit.nsw.gov.au

Office hours: 8.30am-5.00pm,
Monday to Friday.