



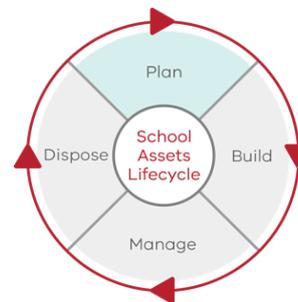
## SCHOOL-FUNDED FACILITIES POLICY

Version 5 | October 2017

Purpose:

- To ensure that schools are aware of their responsibilities and obligations for school-funded facilities and works.
- To outline the entitlement implications of school-funded facilities.

This policy aligns with the following school asset lifecycle stage



### RELEVANT LEGISLATION AND REGULATION

- [Financial Management Act 1994](#)
- [Project Development and Construction Management Act 1994](#)
- [Building and Construction Industry Security of Payment Act 2002](#)
- [Ministerial Direction No. 1: Tendering Provisions for Public Construction](#)

### POLICY STATEMENT

Schools may choose to fund (either in whole or in part) the development of facilities using school and/or locally raised funds. However, as these facilities are constructed on land owned by the State of Victoria, these buildings are legally held by the Minister of Education.

School councils have delegated authority to enter into contracts to carry out self-funded building works or improvements up to \$50,000 (including GST), subject to the availability of funds and compliance with Departmental policies and legislative requirements.

Where building works exceed \$50,000 in value, school councils must seek approval from the appropriate officers within the

VSBA. Schools must not proceed to obtain tenders, quotations for works, or commence works estimated to exceed \$50,000 without having first received written approval from the responsible Manager in the VSBA's Project Delivery Branch.

Schools wishing to fund a new facility must submit a business case to the Victorian School Building Authority (VSBA) at the planning stage, verifying that the school is able to fund and maintain the facility over its life. This business case must be endorsed by the Department of Education and Training's regional Planning and Provision Manager and approved by the VSBA.

Occasionally a school may wish to assume responsibility for an over-entitled facility as part of a five-year Asset Management Plan.

Document owner: Asset Planning and Policy Unit, Victorian School Building Authority, DET

This document is available online at:

<https://edugate.eduweb.vic.gov.au/Services/Schools/Infrastructure/Pages/Home.aspx>



This also requires a business case to be endorsed by the regional Planning and Provision Manager and approved by VSBA.

## RATIONALE

The VSBA provides safe and modern learning environments for Victorian government students. School principals are responsible for the maintenance of site infrastructure and buildings using funding provided through the Department's Student Resource Package (SRP).

This policy seeks to advise schools of their rights and responsibilities in relation to school-funded facilities, including insurance coverage, maintenance and other ongoing infrastructure costs.

The VSBA is committed to ensuring that government school students have the infrastructure necessary to support their learning needs. In accordance with the VSBA's [Facilities Entitlement Schedules](#), a school's entitlement defines the number, size and type of facilities provided, and is based on student enrolment and campus type.

## ADDITIONAL INFORMATION

### New school-funded facilities

Schools wanting to fund a new facility must submit a business case to the VSBA at the planning stage. This business case must be endorsed by the Department of Education and Training's regional Planning and Provision Manager and approved by the VSBA prior to construction.

If a school wants the facility to be included in its entitlement and eligible to receive funding (e.g. SRP maintenance funding), the business case must detail:

- the purpose of the facility (i.e. whether it is designed for curriculum or non-curriculum purposes); and
- the school's rationale for constructing the facility, including considerations of under/over-entitlement, future growth, and the school's educational direction.

If a school wants the facility to be excluded from entitlement and associated funding, then, in addition to the above, the business case must also demonstrate how ongoing infrastructure costs will be met from school and/or locally raised funds over the life of the asset, including:

- maintenance (approximately 2% of building value per annum);
- cleaning; and
- insurance.

If a school wishes to fund a non-curriculum facility, it will be excluded from entitlement assessments and funding.

The VSBA will make the final determination as to whether a school-funded facility is classified as 'curriculum' or 'non-curriculum'.

### Non-school land

Schools which have approval to construct a facility on land not owned by the Department/ Minister for Education (i.e. leased), must consider security of tenure (the length of lease) and its obligations with respect to ongoing facility maintenance as well as up-front planning issues such as potential site contamination and cultural heritage. The end of a lease and school vacation of a site may also incur demolition and 'make good' expenses. For more information on the use of non-school land contact the VSBA.

### Existing school-funded facilities

School-funded facilities existing on school sites are generally excluded from entitlement assessments and funding due to historical practice. Schools may wish to have these facilities included in entitlement and, consequently, eligible for funding in the course of a five-year Asset Management Planning process.

In this case, the school will need to submit a business case to be endorsed by the Department's regional Planning and Provision Manager and approved by the VSBA. This business case must detail:



- the purpose of the facility (i.e. what it was designed for and what it is/will be used for);
- the school's rationale for having the facility included in its entitlement, including considerations of:
  - facility significance in the school's five-year Asset Management Plan,
  - existing over/under entitlement,
  - future growth,
  - the condition of the facility, and
  - the school's educational direction.

Business cases will be subject to a feasibility assessment by the VSBA. Generally, a pre-existing facility will only be approved for inclusion in entitlement assessments and funding if the school is under-entitled (or there is a significant forecast future growth) and the facility has a condition rating of at least 3.25. However, facilities with a rating below 3.25 may be considered if the facility addresses a school's under-entitlement and will be brought up to the required standard within the period of the Asset Management Plan.

In addition, both new and existing school-funded facilities, need to comply with the minimum registration requirements of the Victorian Registration & Qualifications Authority (VRQA).

### Existing and over-entitled facilities

Occasionally, a school may wish to take responsibility for an existing and over-entitled facility. In this case the school will assume all costs related to the facility (which will be excluded from future assessments of entitlement) and no longer attract funding. This can only occur in the context of the five-year Asset Management Planning process.

Schools wishing to assume responsibility for an existing and over-entitled facility will need to submit a business case to be endorsed by the Department's regional Planning and Provision Manager and approved by the VSBA. This business case must detail:

- the purpose of the facility (i.e. what it was designed for and what it is/will be used for); and

- the school's rationale for assuming responsibility for the facility, including consideration of:
  - the significance of the facility in the school's five-year Asset Management Plan,
  - existing over/under entitlement,
  - future growth,
  - the condition of the facility and how this will be maintained or improved over the life of the asset,
  - the school's educational direction, and
  - how ongoing infrastructure costs will be met from school and/or locally raised funds over the life of the asset, including maintenance (approximately 2% of building value per annum), cleaning; and insurance.

Business cases will be subject to a feasibility assessment by the VSBA. Generally, a school will only be allowed to assume responsibility for an over-entitled facility if it has a condition rating of at least 3.25. However, facilities with a condition rating below 3.25 may be considered if the school can demonstrate how the facility will be brought up to the required standard within the period of the Asset Management Plan.

### Procurement standards and compliance

Schools must ensure that facilities comply with the *National Construction Code* (formerly the *Building Code of Australia*), any applicable *Australian Standards*, ministerial directions, and the Department's *Building Quality Standards Handbook*.

Schools are to avoid conflicts of interest and must comply with Departmental procurement guidelines. Schools are required to consult with their regional office during the planning stage and notify the VSBA of their Construction Supplier Register pre-qualified consultant from the education category when required. (Refer to the VSBA's *Delivery of capital projects policy* and the *Construction Supplier Register fact sheet* for further information.)

### Project Management Framework



The Department's Project Management Framework (PMF) has been developed to ensure consistency in the planning, delivery and governance of capital and major maintenance projects. Specific reference should be made to PMF Procedure 2.1 School Funded Facilities, which documents the requirements and processes applicable to any works that a school proposes to fund. The procedure alerts schools to their obligations when including school-funded works within the scope of any capital or maintenance project.

### **Facility entitlement and associated funding**

Subject to the approval of a business case prior to construction, a school that constructs a facility using school and/or locally raised funds has two options with regard to how the facility is treated for entitlement and ongoing funding purposes.

Where a school-funded facility has been built to administer curriculum or 'core learning' needs (i.e. the types of spaces specified in the Facilities Entitlement Schedules), the school may elect to have it counted towards the school's entitlement and identified, as such, in the VSBA's asset management system. In this case the facility will also attract SRP funding. The addition of these facilities may affect a school's eligibility for relocatable buildings.

Alternately, a school may want its school-funded curriculum facility excluded from any assessment of entitlement. In this case the facility will not attract funding from the VSBA and must be properly insured and maintained by the school.

It is expected that decisions made in relation to the treatment of facilities for entitlement and funding purposes will not be changed over the remaining life of the asset.

School-funded facilities built for non-curriculum purposes will not attract SRP funding or contribute to a school's entitlement. This includes facilities built to meet a specialised need (e.g. community centre, after school care). Schools are responsible for providing adequate insurance cover and should consider potential ongoing infrastructure costs such as

maintenance prior to building facilities for non-curriculum purposes.

### **Insurance requirements**

If school-funded facilities are in excess of (or excluded from) entitlement, they are not covered under the VSBA's self-insurance policy. The Department self-insures for claims under \$3 million through its Reinstatement Program. This only covers facilities that fall within a school's entitlement. For more information, see the VSBA Reinstatement policy.

Should a school council want to reinstate, replace or repair an over-entitled facility when damaged or destroyed, it will need to have in place and draw upon a separate insurance cover from a reputable insurance company or broker. The cost of such insurance must be borne by the school council.

### **Project funding and governance**

Schools must provide written confirmation of their commitment to fund the costs associated with any school-funded facilities at key project milestones, including:

- Asset Management Plan (AMP) Phase 2;
- Schematic Design and Design Development (capital projects only);
- Tender Documentation; and
- Tender evaluation and contract award.

To ensure that all project transactions are captured in the VSBA's project management system, the VSBA will make payments directly to consultants and contractors on a school's behalf, subject to the school having, first, reimbursed the VSBA.

Through lodgement of a *Form 35*, a school has the option of:

- contributing 100% of its funding prior to the award of project contract;
- paying 50% prior to contract and 50% at the mid-point of construction; or
- paying 25% prior to contract, 50% at mid-point construction, and the final 25% at practical completion.



The VSBA will issue an invoice to the school in accordance with the option selected. If a complete or partial payment is not made before the award of contract, the VSBA may omit school-funded facilities from any overall scope of works. In relation to instalment options, the VSBA will issue further invoices at construction and/or practical completion milestones.

Schools should avoid drawing on the maintenance component of their allocated SRP to resource school-funded facilities. Any diversion of SRP maintenance funding from regular building upkeep may compromise the standard and safety of existing facilities. Should the situation occur where a school's allocation of SRP is spent in accordance with its maintenance requirements and still has funds remaining, schools may put these funds towards other infrastructure projects.

#### Recording school-funded contributions

A school must notify the VSBA of its self-funded project to ensure the Department maintains up to date records for reporting purposes.

To ensure transparency, all funding from 'third-party' contributors (such as schools) is captured in the Victorian Government's annual *Budget Paper 4* (BP4). This additional information is incorporated when a school's contribution has been confirmed and is received by the VSBA through the lodgement of a *Form 35*.

#### Adding facilities to the VSBA asset register

Further to the capture of 'third-party' contributions for inclusion in BP4, it is a school's responsibility to notify the VSBA's Asset Data Team at the time of practical completion (using the supplied form) to ensure that new facilities are recorded in the VSBA's asset management system. For more information, see the VSBA's School Asset Drawings policy.

#### RELATED DOCUMENTS

- Asset Management Planning Policy – outline of the VSBA's approach to allocating funding, planning and managing capital works and

maintenance projects at Victorian schools.

- [Authorisations under the Financial Management Act 1994](#) – details authority and delegations for public construction (Items 5.0, 6.0 and 7.0).
- Ministerial Direction No. 1: Tendering Provisions for Public Construction – outlines the tender requirements associated with works of a certain value.
- Departmental Contracts – list of contractual and insurance documents required for undertaking construction works at schools.
- Facilities Entitlement Policy – outline of the methodology to determine the facilities to which a school is entitled.
- School asset drawing policy – outlines the requirement to supply the VSBA with accurate facility drawings and information.
- PMF Procedure 2.1 School-funded Facilities.
- Insurance Arrangements Guidelines for Schools.
- Relocatable Building Policy – outlines the operational policy relating to the provision of relocatable buildings to schools.
- Reinstatement Program Policy – outlines the Reinstatement program, which forms part of the VSBA's emergency and incident response support to schools.
- School-funded facilities Form 01 – Business Case – schools must provide this form to the VSBA if they wish to build a new self-funded facility or have a facility excluded from their entitlement.
- School-funded facilities Form 02 – Notification of Construction – all schools building self-funded facilities are required to notify the VSBA when construction is completed for it to be recorded in the VSBA's asset register.

#### CONTACTS

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#### KEY WORDS

school-owned, school-funded, school-purchased, assets, buildings, facilities, insurance, entitlement, maintenance