SPECIAL ASSISTANCE TEAM

REPORT TO THE ONTARIO MINISTER OF EDUCATION

REGARDING THE

TORONTO DISTRICT SCHOOL BOARD

Submitted by Bill Hogarth

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EXECUTIVE SUMMARY

The Special Assistance Team's (SAT) tenure at the Toronto District School Board (TDSB) was short, just under six months. Despite that, much has been accomplished. The focus of the SAT's mandate was to assist the school board in addressing its structural deficit, eliminating its capital deficit and implementing the recommendations stemming from PwC's Resource Allocation Review report of November, 2012.

This report serves as an update and progress report on how the SAT helped TDSB over the past six months. It is not intended to be another review of the school board's operations, as that work has already been done by PwC and others. It is, however, meant to provide an overview of the progress made in addressing significant budgetary and operational challenges at the school board. It is important to emphasize that this report does not reflect or begin to encompass all of the work that has been done working directly, and in many cases right alongside, the Acting Director of Education and the senior team. The SAT would not have been able to accomplish so much in such a short period of time if we did not receive their full support.

Ralph Benson and I have witnessed an unwavering commitment on the part of the Acting Director and the senior team to put the board on a more sustainable footing. Despite their commitment to make improvements in many areas, the board continues to be challenged by the lack of an organizational vision to support its core mandate of student achievement. Without buy-in and support for a common vision, the board will continue to operate in a fractured manner, due to existing behaviour and attitudes. Transformative change is possible, but it will require a major cultural shift, discipline, and time.

Given the resources and time available for this assignment, the SAT worked with the senior team to prioritize several areas and issues identified in the PwC report. While much of our work is linked directly to the PwC recommendations, other issues emerged that warranted our time and attention. With the sudden departure of the Director of Education, the SAT devoted more time to coaching the new Acting Director than was originally envisioned. This collaboration grew to providing advice and support in many areas, including assisting the Acting Director in designing an organizational structure for the school board.

In another example, the SAT spent considerable time with TDSB and the Toronto Lands Corporation (TLC) to understand the working relationship between the two organizations. This was time well spent, as the SAT was able to affirm the benefits of having TLC function as a separate and distinct entity from the board, solely dedicated to property and asset management. This arrangement allows senior leaders at the board to focus on the TDSB's core mandate.

The following section outlines notable areas of progress during the SAT's term, and further opportunities for improvement.

Staff Allocation and Controls

Working with the SAT, TDSB senior staff have accepted recommendations to strengthen staff allocation and controls. They put forward school-based staffing savings for 2013-2014 totalling $27.7M, which were approved by the Board as part of the final budget approval process.

Capital Management

Ralph Benson's mandate was to work directly with senior staff on addressing TDSB's capital management challenges. This area received a great deal of attention, and with the assistance of the SAT, the school board has made significant progress. However, doubts remain that the board has the internal capacity to build on this momentum, and there is a risk it will revert back to legacy practices.

Attendance Support

Although TDSB has accepted this recommendation and there were many discussions with the SAT, development of an attendance support program has not moved forward in any meaningful way.

Procurement

Procurement is another area of focus for the SAT and senior team. The senior staff have acknowledged the challenges they face in this area. However, the board has not demonstrated an organizational commitment to move forward in any meaningful way to develop a Procurement Cost Reduction Program, or to decommission the in-house distribution centre. This lack of progress means that it will be impossible for the TDSB to realize the savings targets of $774,000 to $1.5M for this fiscal year. Long-term savings targets have been pushed out two to three years due to this lack of momentum.

Partnerships

Although TDSB is making progress on establishing a policy on partnerships, they have not set a clear budgetary goal that meets the PwC recommendation of reducing expenditures by 50%. The board needs to do more work in this area to realize savings targets in the PwC report.

Permits

Although TDSB has accepted this recommendation and has carried out an analysis of current practices, permits is another area where profound structural change is needed to make this function cost-recoverable.

Facilities Services

The SAT and steering committee spent a considerable amount of time on facilities management. Despite the fact that the board accepted many of the facilities recommendations in the PwC report, it was determined fairly early in the SAT's tenure that a number of supporting conditions had to be in place before the board could make significant, transformational change. The SAT believes it is imperative for the board to develop a strategic direction for Facilities Services immediately. Reducing staff positions through attrition, voluntary retirement and the overall number of staff positions required must continue to be phased-in to meet the staff complement recommendations in PwC's report.

Details on each of these areas are provided in subsequent pages of this report.

INTRODUCTION

On December 12, 2012, the Toronto District School Board (TDSB) voted to accept the Ministry of Education's offer of a Special Assistance Team (SAT) to work with senior staff to address the school board's structural deficit, eliminate its capital deficit, and implement the recommendations stemming from the PwC Resource Allocation Review.

Ralph Benson and I began working with the school board in January 2013. Our mandate[1] from the Ministry was clear: provide advice to the senior staff at the TDSB to get the school board back on a sustainable footing. We did not have the power to compel senior officials to act on our recommendations, as would be the case with the powers and duties of an investigation team under the *Education Act*. However, this did not limit our ability to coach and provide strategic advice to senior board staff on decision-making, operational, and capital issues at the school board.

Ensuring Financial Stability

When the SAT began working with the senior staff, TDSB's long-term financial stability was at risk due to the board's structural deficit, its capital deficit, and a lack of strategic and operational planning. The PwC Resource Allocation Review report noted that the TDSB has a structural deficit that is anticipated by school board staff to persist for the next two to three years. PwC noted that the size of the board's 2013-14 structural deficit could be as high as $62M. More recent staff projections estimated the deficit to be approximately $50M. While the school board has made cuts over the past two years, more needs to be done to ensure long-term financial viability.

The SAT has been working with senior staff throughout the 2013-14 budget development process, which included the following key milestones: detailed budget development, community consultations, release and review of the Grants for Student Needs (GSN), participatory budget reference group meetings, and ward forums. All of these steps are part of the school board's established budget development process, which culminates with the final budget deliberations and approvals by the Board of Trustees in June. At its June 19 board meeting, trustees passed a balanced budget for 2013-14 which includes $10.5M in in-year savings to be found.

[1] detailed in the SAT Terms of Reference in Appendix I

Ralph Benson assumed a lead role in advising TDSB staff on the development of the board's Capital Deficit Recovery Plan. The board was advised to:

- remove from the deficit recovery plan both the proposed expenditures for capital projects that have not been approved by the Ministry and the projected revenue from the sale of surplus properties that have not been approved by the Board of Trustees.
- reflect the school board's actual capital expenditures and revenues for the current fiscal year 2012-13 and include paying off the board's renewal debenture loan in the plan.
- demonstrate an explicit commitment that the Board would not undertake any new capital expenditures without identifying a source of revenue to offset such capital expenditure.

The board has accepted and implemented all of these recommendations. The TDSB's Deficit Recovery Plan for 2012-13, which eliminates the board's capital deficit as of August 31, 2013, was approved by the Board of Trustees on May 8, 2013. The Board also approved a three-year capital plan at its June 20 meeting. The SAT is hopeful the TDSB's deficit recovery plan and principles for moving forward with new projects will address the Ministry's conditions to lift the capital freeze. The TDSB will then be able to plan and work with the Ministry to move forward on new capital projects − like all other boards in Ontario.

As part of its work with the school board, the SAT developed an understanding of the relationship between TDSB and the Toronto Lands Corporation (TLC). The SAT was able to affirm the benefits of having TLC function as a separate and distinct entity from the board that is solely dedicated to property and asset management. This arrangement allows senior leaders at the board to focus on the TDSB's core mandate.

Maintaining Public Confidence

Similar to other school boards in the province, TDSB has experienced declining enrolment over the past decade. This change in enrolment patterns has created pressures on revenues provided through enrolment-based grants and excess capacity in under-utilized schools. In order to continue to maintain public confidence in a time of fiscal restraint, a deliberate and strategic focus must be placed on the good stewardship of resources. This begins with a strong organizational vision and a strategic plan to ensure that the board is operationally aligned with its core mandate of student achievement.

A Focus on Leadership, Controls and Accountabilities

In addition to helping the school board address its structural and capital deficits, a central part of the SAT's mandate was to assist the school board with its strategic and operational planning by developing a transformation program. The foundation of this program is rooted in three core values: leadership, controls and accountabilities.

Leadership

Strong leadership is required to ensure operational sustainability. The PwC report offered specific recommendations to strengthen executive leadership and assume responsibility for driving change at the school board. What was not anticipated, however, was the sudden departure of the Director of Education. This necessitated a realignment of the SAT's priorities, to support the new Acting Director of Education as she assumed her responsibilities. As a result, a much greater level of coaching and support was required for the Acting Director than was originally envisioned under the SAT's Terms of Reference.

This proved to be a very smooth transition, as the SAT and Donna Quan, the Acting Director of Education, worked collaboratively to bring stability to the school board and move forward on the goals set out in the SAT Terms of Reference.

Working with the Acting Director, the SAT set up a steering committee to meet regularly and assign responsibilities for key aspects of the transformation program. Given the relatively short timeline of six months for the SAT's work with the senior staff, it was imperative to set some specific goals and prioritize the 23 recommendations in the PwC report.

Seven priority areas were selected for immediate action:

Short-term strategies included:

- Staff allocation and controls
- Board-sponsored partnerships
- Permits
- Capital Deficit Recovery Plan

Long-term strategies included:

- Procurement

- Attendance support
- Capital planning process

The progress on each of these strategies is contained in this report.

While a focus on Facilities Services is not included in the priority areas listed above, the SAT and steering committee spent a considerable amount of time on facilities management. Despite the fact that the board accepted many of the facilities recommendations in the PwC report, it was determined fairly early in the SAT's tenure that a number of supporting conditions needed to be put in place before the board could make significant, transformational change in this area.

In almost every priority area, with the exception of board-sponsored partnerships, Facilities Services will be impacted by the SAT's recommendations. Senior facilities staff have also attempted to address many of the PwC recommendations independent of the SAT. However, greater leadership, resources and more time are all required to strategically address the operational challenges in this area.

The SAT and the Acting Director also recognized the need to review the current organizational structure at the board. Until September 17, 2012, there were two deputy director roles – one each for operations and academic programming. When the Deputy Director, Operations retired in September 2012, the board decided not to fill the position. As a result, all operational functions – finance, capital planning and design, facilities services and employee services – had a direct reporting line to the Director of Education. This model is not consistent with most large-scale organizations, and was impeding the senior team's ability to promote shared leadership, controls and accountabilities.

A new proposed senior-level organizational structure for 2013-14 was developed. It reduces the number of senior-level staff who have a direct reporting line to the Director of Education, as recommended by the SAT. While the proposed organizational structure is an important first step, the structure alone will not address the need for shared and visible leadership across the senior team. The challenge for the senior staff will be to break down silos, to work together and establish a shared vision to deliver on the core mandate of the school board.

As noted in the TDSB's Operational Review, the school board has struggled to develop a common vision supported by strategic and operational plans. The previous Director's *Vision of Hope* helped the board to start articulating some core values. However, this exercise fell short of integrating both academic and operational priorities to create a strategic plan for the entire organization, supported by all internal and external stakeholders.

The school board should immediately focus on its core mandate, develop a strategic plan to support that mandate, and create operational plans aligned with its overall strategic plan. This will require clarifying roles, operational authority, and decision-making, both within the TDSB and between the Board of Trustees and staff.

The SAT's mandate did not include a review of the Governance structure of the school board. However, it quickly became apparent that governance issues have a significant impact on day-to-day operations. In several instances noted in this report, the SAT has found extensive trustee involvement in a range of operational issues, from permits and procurement to staffing decisions.

The level of involvement of trustees in day-to-day matters reflects legacy practices that are deeply ingrained in the culture of the board. They do not reflect the roles and responsibilities of trustees as mandated by the *Student Achievement and School Board Governance Act*, Bill 177. The school board's governance model needs to be strengthened to distinguish the roles and responsibilities of the trustees and the Director of Education, to support an effective working relationship that meets the goals and priorities of the school board.

Controls

The senior team must also work together to implement more stringent controls over key expenditure items that are directly aligned to the board's core mandate. The board should divest non-core assets, services and programs, and focus on key student achievement priorities. While this is a significant undertaking, it is a necessary step that will yield several key benefits without impacting classroom programs. This includes the ability to proactively manage budget risks, drive value for money in operational areas such as procurement, and create efficiency savings by streamlining operational processes.

This report outlines where the school board staff have begun to strengthen controls. Often, however, controls have been put in place without the strategic foresight to ensure that these changes permeate every level of the organization.

Accountabilities

There are several areas where the board needs to strengthen accountability mechanisms at both an organizational and individual level. First and foremost, leadership accountability and a shared responsibility are required to appropriately allocate fiscal resources to support the strategic goals and core mandate of the school board. Policies and procedures must also be developed and strengthened to enhance accountabilities, especially in areas such as procurement and attendance support. To demonstrate transparency and the board's commitment to accountability, all policies and procedures should be easily accessible to the public on the board's website.

The budget process is another area where both joint responsibility/ownership for the budget and individual responsibilities should be clearly identified. For example, clarifying roles and responsibilities of cost-centre owners would strengthen and enhance budget processes. These accountability measures could then also be linked to individual performance plans. Adding mechanisms to strengthen accountabilities throughout the school board would foster a system-level perspective for budgeting. This remains an area of opportunity for the board.

There are strong, ingrained cultural behaviours and attitudes within the TDSB that must be challenged in order to put the school board on a sustainable footing. The pervasive nature of these issues necessitates a strong and unwavering commitment to strengthen leadership, controls and accountabilities throughout the organization.

STAFF ALLOCATION AND CONTROLS

Current TDSB Practice

TDSB has an established staff allocation process, which is led by a Staff Allocation Committee (SAC). The SAC develops the school-based teacher and support staff allocation. The SAC recommends allocations based on available resources, implements policy directives, and allocates staff to all schools within defined limits. The staff allocation model is set by the planning committee, working closely with finance, to identify the number of staff to be allocated for the year. Planning software is used to track class size and staff allocation, and monitors critical points in the process, such as when enrolment projections become actual. The software application used by the TDSB to conduct enrolment verification currently allows school principals to access and revise enrolment data. Collective agreements affect staff allocation processes, with prescribed timelines and class size provisions.

The planning process for an academic year begins in the previous October, with preliminary enrolment projections based on several sources, including cohort retention rates, projected immigration, kindergarten enrolment, and Ministry and City of Toronto data. The SAC and administration reviews new program proposals and decides on the continuation of existing specialized programs.

In March, the SAC sets staff allocation “holdbacks”, to limit the potential of having too many teachers if actual enrolment proves to be less than projected. In effect, the holdback is the difference between the number of teaching positions budgeted for, and the number of teachers hired and assigned to schools. Proposed holdback levels are subject to revision and approval by the Board of Trustees in a public setting. Historically, TDSB has allocated funding for secondary teachers above the Ministry benchmarks of 22:1. Going into FY 2014-15, TDSB is above benchmark by 55 teaching positions, which would yield $5.2 million, unless schools are closed.

PwC recommendations:

Increase the level of staff allocation holdbacks to minimize the risk of having more staff than needed. Implement stricter controls over the use of the Enrolment Verification Application (EVA) to ensure teacher allocations are as accurate possible.

TDSB stated response to PwC recommendations: *accepted and will move forward*

TDSB Staff Recommendations and Progress

Staff support the implementation of these recommendations, noting that staff allocation holdbacks have been TDSB practice since amalgamation, with the exception of Full-Day Kindergarten (FDK). Staff point out that holdbacks help support emerging program needs, as schools are programming for students in the spring and addressing enrolment variations in the fall.

TDSB staff considered which areas within the staff allocation could be held back until there is greater certainty about system enrolment for the upcoming year. They also reviewed the staffing model to determine an acceptable holdback that will meet class size requirements. To ensure that the staff allocation plan is aligned to actual enrolment data, the EVA processes are being changed for September 2013. Data will be extracted directly from the Trillium student information system, with no ability to edit or revise those numbers, strengthening controls in this area.

Special Advisory Team Assessment of TDSB Progress

TDSB senior staff have accepted these recommendations and they were approved by the Board as part of the final budget approval process. School-based staffing savings for 2013-2014 total $27.7M.

This is one of the few areas where the SAT has observed organizational leadership and changed legacy practices. The TDSB has had a long-established practice of adding staff beyond Ministry benchmarks. Entrenched methodologies and procedures have hindered the timely development of staff allocation holdback levels in the past. The process of setting staff allocation holdbacks that meet Ministry benchmarks is somewhat convoluted, and unnecessarily lengthy.

Board of Trustee involvement at a late stage, in what is essentially an operational issue, has not been especially productive. Ceding control of enrolment data to the local level also introduced anomalies into the staff allocation process.

TDSB continues its practice of hiring additional teachers for specific purposes or programs, above Ministry funding benchmarks. The use of these “profile” teachers (e.g. in academies where teachers for speciality programs are hired above allocation) remains problematic, when viewed in the context of the board's acute need to meet Ministry benchmarks.

Many of these issues have been addressed during the SAT's tenure. The SAT held a series of meetings with the SAC, senior TDSB staff, the Acting Director, the Deputy Director, Directors' Council, and principals. After close consultation and extensive analysis, staff allocation holdbacks for 2013-2014 have been set at 1.25% for the elementary panel and 2.25% for the secondary panel.

These holdbacks correspond to a net reduction of about 130 full-time equivalents (FTE) in each of the elementary and secondary panels. These new staff allocation levels are expected to produce savings of $27.7M for 2013-14. These are significant savings, and move the board closer to Ministry funding benchmarks. Specific savings are detailed at the end of this section.

The recalibration of the EVA processes is a positive step which ensures the continued accuracy of enrolment data throughout the staff allocation process. While the TDSB has begun to address the issue of utilizing profile teachers, further efficiencies can be addressed. The board should set a reasonable timeline for further progress in this area.

TDSB has made significant progress in increasing the level of staff allocation holdbacks, and has successfully revamped the EVA processes. However, it must be noted that TDSB is still staffing above Ministry benchmarks. Much work remains to be done to entrench effective and efficient staffing practices over the long term. Senior staff are encouraged to continue to make progress on staffing controls and work within Ministry funding parameters.

Special Advisory Team Recommendations to TDSB

1. TDSB should maintain strict adherence to established staff allocation holdback levels, regardless of precedent.

2. Review the entire staff allocation process at the TDSB, develop a plan to ensure staffing controls, and continue to move toward meeting Ministry funding benchmarks in the future.

3. Include school consolidations as a key component of the staff allocation review.

4. Eliminate Board of Trustees involvement in the March stages of the staffing allocation process. Staffing information should continue to be presented to trustees as part of the budget development process. Staffing numbers should be provided to trustees as part of the board's interim financial reports to indicate staffing changes throughout the year. Start development of administration staffing benchmarks in anticipation of an increase in the rate of retirements.

Expected Outcomes for 2013-14

Reform of the staff allocation process will produce an estimated $27.7M in savings for the TDSB this year. ***.*** *The details and consequences of these changes are outlined here.*

Elementary teachers

For 2013-2014, there will be a net increase of 62.5 FTE for a total of 10,676.5 FTE, compared to a total of 10,614 FTE in 2012-2013. While the implementation of FDK will result in a net increase in elementary teachers, changes to the Special Education Intensive Support Program (ISP) will result in teacher reductions. Also, a learning classroom model will move Model Schools for Inner Cities (MSIC) teachers into schools.

This closer alignment to Ministry funding benchmarks will result in reduced allocations for Library and Guidance. While the Library allocation will be reduced by 25 FTE, it remains 31.5 FTE above Ministry funding levels. A base Library allocation of 0.5 will be maintained at all regular elementary schools. There will be a reduction of 20 FTE in Guidance, with Family of Schools receiving an allocation of 40 guidance teachers to support Grade 7 and 8 students. The Guidance allocation remains 9.0 FTE above Ministry funding levels.

Secondary teachers

In 2012-2013, secondary students did not reach enrolment projections, reducing the actual teaching allocation by 70 FTE.

For 2013-2014, 50% of secondary schools will have fewer than 800 students, with 40% having fewer than 500 students. Schools with a smaller student population will be challenged in offering full-breadth programs.

Declining secondary enrolment, moving closer to the level of funding from the Ministry of Education (including Special Education and Guidance) contributes to the reduction in secondary teachers.
In 2012-2013, there were 5,575 FTE in the secondary panel. Following the recommendations for 2013-2014 will result in 5,327 FTE, for a net reduction of 248 FTE.

While the majority of change to the allocation is due to declining enrolment, the recommended budget reduction in secondary allocation moves the board closer to the funded ratio of 22 students per teacher (FTE). This will increase the current ratio from 21.4:1 to 21.7:1. To achieve the Ministry ratio of 22:1, an additional decrease of 45 FTE would be required.

The recommendations also include a decrease of 46.5 Guidance teachers that are above the Ministry funding level. Every secondary school will continue to receive a Guidance allocation that is aligned to its student population.

Expected Outcomes: other staff

Realignment is projected to result in the following staff figures for 2013-2014:

Vice principals: While the reduction of 22 FTE (14 elementary and 8 secondary) will move the allocation closer to Ministry funding levels, it remains above the Ministry funding level by 31.5 FTE (elementary) and 8.0 FTE (secondary).

Regular educational assistants: A net reduction of 17 FTE, from 63.5 to 46.5 FTE, concurrent with the implementation of Year-4 of FDK in French Immersion schools.

Early childhood educators: The implementation of Year-4 of FDK is increasing this allocation by 338 FTE (to a total of 942) as required.

Special education support staff: Reduced by four FTE, to a total of 2,486 FTE, as part of the overall Special Education budgeted savings.

School office clerical: Reduced by 26 FTE, for a total of 1,064 FTE, bringing this allocation in line with Ministry funding levels.

School based safety monitors: Reduced by six FTE for a total allocation of 112 FTE and a portion of the financial equivalent of 89 FTE.

Regular lunchroom supervisors: Allocation unchanged at 1,393 FTE.

FDK lunchroom supervisors: An additional 334 FTE for a total of 1,012 FTE, for new Year-4 FDK Schools.

Aquatics instructors: Reduction of 0.5 FTE, to a total of 92 FTE.

Food services assistants: remain at 2012-2013 levels, 46 FTE.

Caretakers: Remain at current level of 2,160 FTE, based on square footage of operating buildings.

School-based staffing savings for 2013-2014

Elementary Library/Guidance Teachers	4,000,000
Model Schools for Inner Cities	1,700,000
Secondary Teachers Moving closer to 22:1	5,600,000
Secondary Guidance Teachers	4,300,000
Secondary/Elementary VPs	2,500,000
Regular Program EAs	925,000
Early Childhood Educator	3,500,000
Special Education	3,500,000
School Office Clerical	1,400,000
School-Based Safety Monitors	300,000
Total School-Based Staffing Savings	**$27,725,000**

CAPITAL MANAGEMENT

Capital Management Overview

Over the past year, there has been a great deal of concern at the Ministry about the TDSB's ability to manage its capital responsibilities, including budgeting, planning, and construction. One area of specific concern was the lack of a board-approved plan to eliminate its capital deficit. The deficit issue came to wider attention when the board disclosed significant cost over-runs on the Nelson Mandela school project. The combination of these issues prompted the Ministry to put a "pause" on new TDSB capital construction projects on October 3, 2012.

The pause on the Ministry's approval of new major capital projects did not mean that the TDSB had to stop all accommodation and capital planning, or that all capital projects were on hold. It meant that the Ministry would not provide the board with approval to tender or begin construction on any new major capital projects. Projects for which the Ministry has already provided funding and/or an Approval to Proceed (ATP) were able to still move forward. The Ministry continued to review and provide the board with approvals on smaller scale projects, particularly those related to FDK and to support the sale of surplus properties.

The SAT has been working with school board staff to address the capital deficit, strengthen capital project management, develop a longer-term strategic approach to capital planning consistent with the Ministry's capital priorities, and implement the capital management recommendations in the PwC report. Ralph Benson has led this work with the school board. His detailed reports are included as Appendices II to VII. The following summarizes key activities and the progress that Ralph Benson has made working with senior staff at the school board.

PwC recommendations:

PwC's recommendations in capital management focused on six key priority areas: reorganization of the capital management area, rationalizing the board's property portfolio, designing and building new construction projects to Ministry benchmark costs, establishing a capital planning process, updating the capital deficit recovery plan, and developing the business case for modular construction on smaller scale projects.

TDSB stated response to PwC's recommendations: The board accepted the recommendations on the reorganization of the capital management area and the capital planning process, and indicated it would move forward on those priorities. The board indicated that they would explore options for all other capital-related recommendations.

Special Assistance Team Assessment of TDSB Progress

With the assistance of the SAT, the school board has made significant progress in addressing priorities in capital management. However, doubts remain that the board has the internal capacity to build on this momentum, and there is a risk it will revert back to legacy practices.

To make meaningful and sustainable change in capital management, the school board must demonstrate leadership and commitment. The trustees' approval of a system-wide, strategic capital plan will demonstrate a commitment to longer-range planning and to the good stewardship of public assets and board resources. The board's strategic approach to capital management should include:

- selecting projects based on pupil accommodation needs, supported by comprehensive business cases which clearly identify the project's purpose, rationale and priority/urgency.
- streamlining design and construction to introduce efficient and effective practices that align to Ministry funding benchmarks.
- ensuring the school board has identified a revenue source for each project (either funding from the Ministry or other sources).

The board must implement a strategic approach to capital management that is aligned with an overarching board strategic plan. Without this focus, the board may not have the proper controls and accountabilities necessary to move forward.

A change management strategy requires a long-term focus, and deliberate action. The SAT's involvement with the board over the past six months has helped to pave the way for this change, beginning with the Capital Deficit Recovery Plan.

Capital Deficit Recovery Plan

When the SAT began working with the school board, staff had developed an approach to the Capital Deficit Recovery Plan that was not accepted by the trustees. Ralph Benson immediately began working with staff, as outlined in his report in Appendix III to develop options for a plan that would eliminate the capital deficit as of August 31, 2013.

The board was advised to:

- remove from the deficit recovery plan both the proposed expenditures for capital projects that have not been approved by the Ministry and the projected revenue from the sale of surplus properties that have not been approved by the Board of Trustees
- reflect the school board's actual capital expenditures and revenues for the current fiscal year 2012-13, and include paying off the board's renewal debenture loan in the plan
- demonstrate an explicit commitment to not undertake any capital expenditures without identifying a source of revenue to offset such capital expenditures

The Board has accepted and implemented all of these recommendations. The TDSB's Capital Deficit Recovery Plan for 2012-13, which eliminates its capital deficit as of August 31, 2013, was approved by the Board of Trustees on May 8, 2013. The Board also approved a three-year capital plan at its June 20 meeting. The SAT is hopeful the TDSB's deficit recovery plan and principles for moving forward with new capital projects will address the Ministry's conditions to lift the capital freeze. The TDSB will then be able to plan and work with the Ministry to move forward on new capital projects − like all other boards in Ontario.

Development and Implementation of TDSB Capital Planning Processes

The SAT worked with the Acting Director of Education and other staff to help the board establish a new leadership model to drive the capital planning process. The SAT advised the Acting Director to establish a Capital Strategy Committee to provide leadership in integrating the planning, design and construction functions, and to lead the development of the board's capital management strategy.

Specific deliverables for the Capital Strategy Committee include:

- development of the board's five-year capital management strategy
- development of a revenue generation plan to support the five-year capital management strategy

- revision of the board's design and technical specifications for new schools, to ensure capital projects can be designed and constructed within the Ministry benchmarks for the cost of school facilities
- review and approval of all elements of the board's construction processes (i.e. architectural selection, project management and timing, and change order management)
- assistance with the reorganization of Facilities Services to reflect its revised mandate
- addressing specific accommodation issues that have major implications for the board's pupil accommodation strategy
- establishing the policy framework for the Central Accommodation Team

Additional details and the terms of reference for the committee are included in Ralph Benson's report on the Development and Implementation of TDSB's Capital Planning Process (see Appendix VI). This committee was established on April 26, 2013 and has been meeting regularly.

This committee also leads the development of the Board's capital strategy, and serves as an accountability framework. The committee functions on a policy level and takes the lead in establishing the board's long-term capital strategy. It includes academic leaders, to provide a program framework for planning and facilities staff, and help ensure that the program needs of students are paramount.

On an operational level, this committee complements the Central Accommodation Team, which continues with its role of strategic placement of academic programming and services to support students and system-wide accommodation needs. Details of the committee's mandate and deliverables can be found in Appendix IV.

The SAT believes the TDSB is developing and implementing new capital planning processes which meet the Ministry's expectations for school boards in Ontario, and are consistent with the capital planning recommendations in the PwC report.

Long-Term Capital Plan

Working with the SAT, staff developed a three-year capital management plan that reflects growth, Year-5 FDK projects, projects related to the pupil accommodation reviews previously completed and/or still underway, redevelopment projects, renewal projects, and program elements. The plan was presented to the Board on June 20. This longer-term capital management plan, in accordance with the December 12, 2012 Board motion, identifies the accommodation priorities as well as the sources of the additional funds to be allocated to support the additional projects.

The recommendations of the TLC regarding severance and surplus sites are also incorporated in the new three-year capital management plan. More details can be found in Ralph Benson's report in Appendix IV. The new capital management plan approved by the Board should be shared with the Ministry. The SAT has noted that the June 2013 capital management plan is the first step in a much longer process to develop and implement a long-term capital management plan.

Capital Management Priorities

The purpose of this initial three-year capital management plan is to help the board begin to focus on capital management priorities that are in alignment with Ministry capital priorities. The SAT has noted that much work still needs to be done to fully identify the capital priorities of the board, including those related to the TDSB's long-term program needs. For any new capital project, the board needs the Ministry's concurrence that the project is a priority and the board has the financial capacity to undertake the project. The board's business cases for these projects must clearly identify the pupil accommodation needs that will be addressed, the board's plan to fund the project(s), which may include a request for Ministry funding, proceeds of disposition, using renewal funding, or a combination of these funding sources. This approach to approving new capital projects is applied by the Ministry consistently across all boards' capital projects.

Identification and Disposal of Surplus Sites

TLC has prepared two separate reports for the Board covering site severances and the sale of surplus sites. The report on site severances was discussed at the TDSB Planning and Priorities Committee on May 2 and did not go to Board.

The report on the sale of surplus sites was discussed at the TDSB Planning and Priorities Committee on June 12, and was presented to the Board on June 20. The three-year capital plan (discussed at the Planning and Priorities Committee on June 12) included options related to the sale of surplus sites to support the three-year capital plan. Staff prepared additional options for consideration of the Board on

June 20. This progress demonstrates that the Committee appreciates the need to sell surplus sites to generate revenue to fund new expenditures identified in the Capital Management Plan.

FDK Accommodation Needs

Board staff have indicated to the SAT that it is their intention to complete the introduction of FDK Year-4 and Year-5 capital projects within the Ministry funding allocation. As detailed in Ralph Benson's report on FDK progress in Appendix V the SAT has assisted TDSB staff with the following:

- reducing the cost of some Year-4 and Year-5 FDK additions by changing the technical specifications to more closely reflect the norms applied by other school boards in Ontario
- reducing the number of Year-4 and Year-5 FDK additions by implementing a number of non-capital solutions, such as internal school reorganization, use of portables for non-FDK classes, and school boundary changes
- planning for the implementation of all remaining Year-4 and Year-5 FDK additions within the Ministry allocation

TDSB's Administrative Council has approved all of the actions listed above. The SAT encourages the board to continue to implement appropriate and cost-effective capital solutions to accommodate Year-5 FDK space needs.

Reorganization of the TDSB Capital Design and Construction Services

The SAT worked with the Acting Director of Education and TDSB staff on a number of components related to the reorganization of the TDSB capital planning, design and construction functions. As noted in the PwC report, TDSB had lost operational control over key roles within the capital projects and design services function. These roles had a shared reporting relationship to the TDSB and the TLC, which weakened accountability over capital management. The SAT worked with board staff to eliminate the dual reporting relationship.

All capital services provided by TLC with respect to planning, design and construction have been transferred back to TDSB staff. The SAT worked with Facility Services and Strategy and Planning to help design their specific departments to integrate the staff repatriated from the TLC. Integration of the former TLC staff with existing TDSB staff required the school board to consider a new leadership model.

TDSB Major Capital Projects (Cost and Timing)

The SAT has developed a series of recommendations for major capital projects that encompass project identification/due diligence, project lead time, third party consultants, project charter, community consultation and Ministry benchmarks. The recommendations were developed to assist the TDSB in designing and building capital projects based on Ministry benchmarks, and having the schools ready to be occupied based on their projected schedules. More details can be found in Ralph Benson's report in Appendix VII.

Special Advisory Team Recommendations to TDSB

Ralph Benson has recommended the following actions to the board:

1. A budget should be made available to Planning and Facility Services to carry out the necessary due diligence procedures prior to a capital project being submitted for approval by the Board.
2. Planning and Facility Services should conduct the appropriate due diligence procedures prior to submitting a capital project for the approval of the Board.
3. There should be adequate time provided for the design and construction of all capital projects, subject to the nature and scope of a project.
4. Winter construction should be avoided to the extent possible, to help control the cost of capital projects.
5. Cost consultants should be appointed by the Board, rather than the architect, and should provide costs estimates prior to completion of schematic drawings and at 80% project completion.
6. Commissioning agents should be appointed by the Board, rather than the architect, and should be appointed early in the design and construction process (pre-design stage).
7. The Board should enhance its Project Charter by including earlier steps in the planning, design and construction process.
8. The Project Charter should serve as a major vehicle in the overall project management process.
9. Community consultation which is critical to the development and approval of a capital project, should be designed to expedite project implementation and allow the Board to function within Ministry benchmarks, to the extent possible.
10. The Board should change its practice with respect to architect selection and utilize experienced school architects that have demonstrated the capacity to build schools within Ministry benchmarks.

11. The Board should be more aggressive in negotiating the fees it pays to it architects.
12. Design schools that are functional in meeting student needs, with creative design being a secondary consideration.
13. Design schools that are less expensive to build by having more compact designs, and avoiding elements such as curved walls that are more expensive to construct.
14. Integrate the design and construction functions within Facility Services to a greater extent, to ensure that all the expertise with Facility Services is brought to bear at all stages of the design and construction processes.
15. Adopt a more rigorous planning review process to help reduce the number of change orders being experienced by the Board.
16. Based on the Altus Group analysis of the cost premium between TDSB technical specifications and those in the Report of the Expert Panel on Capital Standards, particularly those with respect to mechanical and electrical, review the technical specifications to identify potential savings.
17. Give more respect and consideration to the *Report from the Expert Panel on Capital Standards – Building our Schools, Building our Future*. This report is based on the experience of school boards that have built the vast majority of new schools in Ontario in the last 10 years, and is the underpinning of the Ministry capital management approval process.
18. Standardize school designs to the extent possible, in that unique designs result in higher tender prices in that the contractors have to include an amount in their bids for the greater risk they are undertaking.

ATTENDANCE SUPPORT

Current TDSB Practice

Unlike many Ontario school boards, the TDSB does not have a formal attendance support program. Absenteeism rates are high. The board lost an average of 13 paid days per employee, or the equivalent of 351,552 paid days, in fiscal 2011-12. Teachers lost an average of 18 and 13 paid days for elementary and secondary teachers respectively. The board's expenditure for supply teachers is estimated at about $55M for fiscal 2012-2013. There are also high rates of absence for caretakers (15 days) and maintenance workers (11 days). Other staff absences average at nine paid days per year.

Absences are automatically tracked on a computer-based program (or forms in some cases) and are checked by the employee's supervisor and Employee Services.

PwC recommendation: Design and implement a comprehensive attendance support program for all staff groups with the aim of reducing the average paid-days lost per employee by one day by FY 2013-14. The PwC report predicts that implementation of an attendance support program would offer annualized savings ranging from $6.6M - $10.5M over a three-year period, with $1.97M for this fiscal year.

TDSB stated response to PwC recommendation: accepted and will move forward.

TDSB Staff Recommendations and Progress

Employee Services staff reviewed "absence by employee group" data prior to implementation of the *Putting Students First Act*. However, the board does not compile and analyze attendance reports for each employee group on a regular basis. Individual employee absences for illness and miscellaneous days are spot-checked by the appropriate manager in Employee Services to ensure compliance and consistency.

According to staff at the school board, controls are in place to ensure that employees only utilize available allotments, although PwC was unable to validate this claim. Discussion regarding the implementation of an attendance support program has occurred at various levels of the TDSB (Administrative Council, Senior Team, Senior Managers in Employee Services and Principals).

Though the board has indicated that it has accepted this recommendation and will move forward, there is little evidence to support this position, aside from ongoing discussions at the steering committee meetings with the SAT. Staff have acknowledged the PwC recommendation, and identified it as one of the long-term priorities from the PwC report and have indicated the need to assign internal resources to support such a plan. At the same time, staff have acknowledged that the board must ensure that it has a consistent process for return to work/accommodation for employees, and that supervisors have a better understanding of the legal requirement to accommodate. Employee Services staff will work collaboratively with all departments to review the current process and ensure consistent practice and departmental alignment.

Special Advisory Team Assessment of TDSB Progress

Although TDSB has accepted this recommendation, it has not moved forward in any meaningful way.

Attendance support programs have long been the norm in virtually every workplace in Canada. A well-planned and executed program offers substantial and easily documented savings and efficiencies to the organization. Despite overwhelming evidence of the value and savings offered, TDSB has resisted the implementation of an attendance support program for several years. In fact, in a 2009 Operational Review report, PwC recommended that TDSB implement a formal attendance support program. This has yet to be accomplished.

The absence of an attendance support program has produced predictable results at the TDSB. "Monitoring" of absences to ensure compliance with collective agreements has proven to be ineffective. Absenteeism has become a key issue, with days lost per year per employee reaching double digits in most cohorts. Along with the obvious financial implications of decreased productivity, costly replacement workers, and increased administrative costs, excessive absenteeism diminishes the students' learning experience in many ways. The school board's inability to design and implement an effective attendance management program precludes any significant savings in this area.

The implementation of an effective attendance support program demands a profound cultural shift at the TDSB. The SAT's work revealed an ingrained resistance to formal attendance support that pervades trustees, administration and staff. Despite overwhelming evidence to the contrary provided by the majority of Ontario school boards, the consensus at the board is that attendance support programs simply won't work at the TDSB.

The fact is, attendance support programs can and will work at the TDSB, beginning with clear, decisive leadership. The board should develop strong policies and procedures, and declare a commitment to policy compliance. This should be complemented by training and support for staff.

Special Advisory Team Recommendation to TDSB

1. TDSB immediately commit to beginning a long-term initiative to implement an attendance support program by allocating appropriate funding and human resources for design and implementation. The board should dedicate appropriate resources and consider using third-party support to develop all aspects of the program beginning with appropriate policies and procedures.

Breaking the attendance support logjam at TDSB is not something that can be accomplished quickly or easily. Rather than focusing on (and likely missing) the short-term goal of having an attendance support program in place by September, 2013, the SAT recommends a measured, long-term process. The SAT also recommends that the TDSB utilize the self-assessment tools included in the *Report on Leading Practices in Attendance Support for Ontario School Boards,* a Ministry-funded report written for the Ontario Association of School Business Officials (OASBO) in 2008. The board needs to establish a plan to implement the program with clear milestones. TDSB must now take this first step on the road to an effective attendance support program, to support student achievement and meet the financial targets identified in the PwC report.

PROCUREMENT

Current TDSB Practice

While TDSB has adopted some leading practices in procurement, significant opportunities for savings remain. The board has not made an organizational commitment to developing strong policies and procedures and ensuring compliance. Without a strategic focus on procurement, the school board will not be able to transform this area and realize the significant savings targets identified in the PwC report.

Currently, only 66% of the procurement expenditures are on contract. TDSB routinely uses a large number of suppliers (more than 6,500). Since spending is spread thinly among many suppliers, the board's extensive buying power is not being maximized. There is a lack of product standardization, and evidence of "maverick" spending and non-compliance with existing contracts. There are notable variations in purchase price for various commodities. As the PwC report noted, there is an opportunity to rationalize the supply base and work strategically with fewer suppliers to maximize value for money.

PwC recommendations:

Implement a comprehensive Procurement Cost Reduction Program that covers 19 major procurement categories and is implemented over three waves of 8 months each.

TDSB stated response to PwC recommendation: exploring options.

TDSB Staff Recommendations and Progress

TDSB staff reviewed the PwC report findings and recommendations for procurement, and have developed responses for each of the issues identified. They have discussed the recommendations with the steering committee and the Ministry. Despite the detail provided in the PwC report, staff have not yet come to grips with how to move forward.

TDSB is proposing that a minimum, two Purchasing Department managers (responsible for facilities/capital procurement and supplies and services) pursue the designation of the Public Sector Procurement Program. One of these individuals, once certified, would become the Procurement Program Manager.

To enhance controls and accountability, staff report that they have made a few incremental changes, such as implementing on-line feedback forms to track vendor performance, preventing unauthorized purchases on P-Cards, and putting plans in place for a P-Card procedure. Although the SAT has not validated these measures, they do represent some progress in some areas, but do not help the board develop a strategic approach to procurement.

In other areas, TDSB staff are not willing to make the necessary changes to improve the procurement process and decommission non-core services. For example, despite recommendations by PwC, backed by the SAT and Ministry staff, TDSB staff still believe there is value in keeping the board’s in-house distribution centre open, and have proposed a pilot project which will involve further study and delay a decision on decommissioning the DC.

Special Assistance Team Assessment of TDSB Progress

The board has not demonstrated an organizational commitment to move forward in any meaningful way to develop a Procurement Cost Reduction Program, or decommission the in-house Distribution Centre. This lack of progress means that it will be impossible for the TDSB to realize the savings targets of $774,000 to $1.5M for this fiscal year. Long-term savings targets have been pushed out two to three years due to this lack of momentum.

The PwC report helped to create greater awareness of the operational efficiencies and savings that can be realized with a Procurement Cost Reduction Program. Despite many discussions on how to move forward on this recommendation, the board has not produced a credible plan to reform procurement. It continues to make small, incremental tweaks rather than assume the necessary task of transformational change. No executive leader has been assigned to lead this transformation.

Senior staff acknowledge that the board lacks the internal staff capacity to lead a comprehensive Procurement Cost Reduction Program. Outside assistance has been considered on several occasions, but never implemented. The lack of leadership in this area has meant that the board has not developed a meaningful and strategic approach to addressing this recommendation.

Another consequence of this inertia is that procurement savings targets are already being missed, and are now two or three years further away from realization. As a result, the TDSB will not realize potential savings targets of $774,000 to $1.5M for FY 2012-13. The fact that crucial groundwork remains to be done makes significant savings unlikely for FY 2013-14. The total loss is substantial: the PwC report forecasts cumulative cost savings ranging from $9.43M to $17.72M, by the end of three waves of a cost reduction program that was supposed to start in January, 2013.

Though there has been some recognition and acceptance of the desperate need for change, there has been no significant commitment to making the decisions necessary for procurement cost reduction. For example, staff report that the standardization of repair parts and caretaking supplies will "continue to be discussed", suggesting a desire to maintain the status quo. In addition, the TDSB currently has about 150 prequalified contractors, all with bidding privileges for projects up to $1.5M, but has made no attempt to rationalize this unwieldy supplier base, and instead is looking for ways to expand it. In another of many examples, TDSB staff still believe there is value in keeping the board's in-house DC open, despite the fact that the PwC report notes that decommissioning the McGriskin distribution centre can deliver significant annual savings.

There has been a lack of strategic leadership, and a very little action on implementing the procurement recommendations. The continuation of these failings will ensure that the TDSB will not deliver value for money, quality service, and standardized processes.

The goals of a comprehensive Procurement Cost Reduction Program as proposed by PwC are ambitious, but far from impossible. Like all Ontario school boards, TDSB is subject to the Government of Ontario's Broader Public Sector Procurement Directive. To be in full compliance with the Directive, the board needs to make an organizational commitment to ensure that they have the proper policies and procedures in place, and that they train all trustees and staff on compliance. This will involve examining the board's existing capacity and considering outside support to develop and communicate a strategic procurement change management plan.

Special Advisory Team Recommendations to TDSB

1. TDSB should make a profound organizational commitment to implementing a fundamental restructuring of procurement policies and practices, and realign the board's resources to support its core business – educating students.

The TDSB has not had the strong leadership necessary to start the process of restructuring its procurement policies and practices**.** The first priority should be a public declaration of the board's commitment to change procurement policies, practices, and behaviours. The board should consider retaining outside support to determine gaps in the current policies and procedures, and to conduct a functional assessment of roles and responsibilities of staff in the procurement department. This information will assist TDSB in developing a strategic cost reduction plan for procurement that builds organizational leadership and strengthens accountability and controls.

2. TDSB should build internal capacity in the procurement department to effectively implement transformational change in procurement.

TDSB lacks the organizational resources, competencies and specific skill sets to implement transformational change in procurement, and will require outside assistance to help the board in moving forward. By having TDSB procurement staff work alongside procurement change management experts, the board can begin to build the capacity it needs to deliver on the goals of the "robust change management plan" noted in the PwC report. Any one-time costs associated with retaining consultants would be easily outweighed by the realization of ongoing procurement efficiencies**.** In addition, the board should suspend any decisions on requiring staff to pursue the Public Sector Procurement Program professional designation, until the strategic plan has been developed. System functional analysis must be completed to have a comprehensive understanding of capacity gaps and needs.

3. TDSB should develop and implement a strategic plan for procurement to realize savings and change the existing culture at the board. A comprehensive procurement cost reduction program must include the following:

- strengthening procurement policies and procedures, and enhancing compliance mechanisms.
- decommissioning non-core services such as the distribution centre and internal print shops, etc. It is essential that the strategy to support this initiative be developed and implemented as soon as possible, to ensure that any potential impacts on labour contracts can be addressed effectively. This strategy also needs to be closely aligned with "facility and maintenance" cost reduction strategies and timing.
- eliminating the "culture of choice" in procurement and encourage more standardization throughout the organization.

- consolidating suppliers and a rationalizing of goods and services to curb the demand for specific products/services.
- developing a savings tracking tool to identify progress on savings targets and tie back to budgets.
- developing a communications strategy to outline the merits of the new program and solicit/build buy-in.

4. TDSB must provide procurement training for all trustees and staff to improve accountabilities and ensure organizational compliance. All members of the TDSB must be held accountable.

Like all school boards, TDSB is subject to the Government of Ontario's Broader Public Sector Directive. The TDSB is required to ensure its procurement policies and procedures are compliant with all aspects of the directive. The TDSB needs to ensure all trustees and staff receive training, to understand procurement policies and procedures, and each member's role and responsibility to ensure compliance. This is a key way to reinforce accountabilities for procurement at every level of the organization. Through the OASBO Supply Chain Committee, new e-learning training modules are being developed. TDSB should anticipate the release of these training modules later this summer and incorporate them into its procurement training program. The board may want to consider making completion of these training modules a mandatory requirement for employees. The board should also ensure that procurement policies and procedures are easily accessible to trustees, staff and the public.

PARTNERSHIPS

Current TDSB Practice

Educational and business partnerships between the TDSB and outside organizations are arranged on an individual basis by several departments, among them the Partnership Development Office, Strategy and Planning, and Major Capital Projects and Business Partnerships. They are also arranged by individual schools. TDSB supports these partnerships through both financial and in-kind contributions. For FY 2011-12, TDSB had a budget of over $785,000 in financial support and in-kind contributions to various recipients.

While these partnerships may provide opportunities for students or targeted research, they are discretionary, and benefits are difficult to measure. The process used to identify, select and approve partnerships is neither formally established nor communicated.

PwC recommendation: Reduce Board-Sponsored Partnerships – TDSB should review all financial and in-kind contributions with a view of reducing expenditures in this area by 50%.

TDSB stated response to PwC recommendation: accepted and moving forward.

TDSB Staff Recommendations and Progress

Staff are developing a process by which all centrally-based educational partnerships are approved, formalized and communicated. Staff are also designing an accountability process that ties educational partnerships to the TDSB's strategic directions and identified focus areas. Staff have reviewed 80 of about 350 partnerships.

Special Advisory Team Assessment of TDSB Progress

Although TDSB is making progress on establishing a policy on partnerships as stated above, they have not set a clear budgetary goal that meets the PwC recommendation of reducing expenditures by 50%.

Partnerships are subject to a raft of TDSB policies and procedures, everything from Mission and Values to Advertising, Purchasing, Community Engagement and Employee Conflict of Interest. With that, there has been virtually no control of which organizations receive public funds through these various forms of partnerships. While some likely offer educational value to TDSB students, many do not. A look at the list of TDSB partners reveals a wide variety of recipients, many of which offer no discernible value to the school board's students. There are several instances of partnerships that offer nothing to the TDSB core business of providing the best possible conditions for student achievement.

As TDSB staff have noted, the actual cost of partnerships (pegged at $785,000 in the PwC report) is not known, as a result of deficiencies and inaccuracies in the ASPIRE data base. This lack of financial controls demonstrates the board's continued inability to assess the true cost of partnerships.

Trustees have had significant influence on the nature and scope of TDSB's partnerships. There is a clear need for leadership from them in this area, to demonstrate their commitment to fiscal responsibility.

Special Advisory Team Recommendations to TDSB

1. TDSB should immediately set a strict annual budgetary limit of $392,000 for all partnerships, including those made by schools, to meet the PwC target of a 50% reduction. This budget cap addresses both the inaccuracy of the data and the threat of inappropriate partnerships.

2. To effectively manage this reduced budget, the TDSB should continue to develop its partnership policy and procedures, to:

- Develop selection criteria to ensure that all partnerships awarded funding will function in a fiscally responsible manner that supports the student achievement agenda.
- Develop a clearly-defined process based on specific selection criteria. Partnerships must support student achievement in a clear and demonstrable way.
- Develop and implement a single point of access for all partnership requests, with all applications subject to a rigorous and consistent screening process.
- Create a team representing all relevant departments to review all partnership requests, based on specific selection criteria, and to identify the impact and risk to all department areas.
- Include "number of students impacted" as a mandatory selection criterion in the partnership approval process.
- Develop and implement a process of regular monitoring and review of the relevance, value and impact of existing partnerships.
- Mandate that the status of all partnerships is reported quarterly to Directors' Council, to enhance accountability and control.

- Communicate (and revise if necessary) the Employee Conflict of Interest policy.
- Implement a communications program to educate the public and stakeholders about TDSB's new approach to partnerships, and celebrate successes.

PERMITS FUNCTION

Current TDSB Practice

The permits department within the TDSB Facilities Services department is responsible for managing the community use of facilities. The school board has an established fee schedule, and standard application forms and processes to apply for permits. Payment is made in advance to avoid delinquent accounts.

Applications for community use are submitted centrally to the facility services permit unit. Confirmed permits are sent to clients by e-mail. The school board requires payment prior to the start date of the activity. The permit department collects funds, performs daily reconciliations, and prepares a year-end accounts receivable report for the business services department.

Due to a lack of leadership, accountabilities and controls in the permits function, the school board has not been operating this function on a cost recoverable model, and therefore has been subsidizing these activities.

PwC recommendation: Re-evaluate the reporting structure of the permits function, which currently resides within Facility Services, as part of an organizational restructuring of the custodial, maintenance, and permits functions.

TDSB stated response to PwC recommendation: accepted and moving forward.

TDSB Staff Recommendations and Progress

Currently, there is no clear leadership and direction for the use of school space. TDSB staff analysis revealed specific failings and weaknesses in current practices and policies in the following areas:

- There are conflicting demands from system partners, with different interpretations of policies and procedures among trustees, senior staff, principals, and departments.
- Financial goals of policy are not clearly articulated.
- The actual cost of space and actual deficit is not clearly defined.
- Communication and coordination is lacking among the numerous departments involved.
- There is no alignment of permits and leases.
- The payment system is antiquated.
- Caretaking costs are extremely high.

Special Advisory Team Assessment of TDSB Progress

Although TDSB has accepted this recommendation and has carried out an analysis of current practices, profound structural change is needed to make this function cost-recoverable.

The state of the permits function offers a clear example of how the TDSB has failed to put proper controls and accountabilities in place. It must be remembered that *any* organization using TDSB facilities is benefiting from a discounted use of publicly funded assets.

In its current form, the permits function offers all sorts of discounted (sometimes free) use of TDSB owned and operated facilities, and can foster inequality. The purpose of the permit function should be to operate on a cost-recoverable basis. Current practice at TDSB has resulted in a significant amount of lost revenue, and has required board funding to make it viable. The lack of a strong policy and procedural framework encourages interference from trustees that is counterproductive and costly. This is exacerbated by operational leadership that is fragmented and often non-existent.

While TDSB has analyzed the permits process, the situation demands a complete restructuring. Restructuring must focus on a single, over-arching goal: establish a permits function with strong leadership, accountabilities and controls that makes the most efficient use of TDSB assets.

Special Advisory Team Recommendations to TDSB

1. Establish and implement a single set of policies and procedures for all permits and community use of facilities. Rates would ensure cost recovery for TDSB, and provide fair and equal access for all community groups. This will allow the TDSB to welcome the community into its schools and ensure sustainable use of its assets.

2. Embark on a restructuring process. This would include things like a cost-recoverable model, online booking and credit card payment systems, and consolidating permits at fewer schools.

3. Define the actual cost of space and the actual deficit. There is no clear definition of how the permit fees are determined. The costs of providing space and the fees charged for it are not in alignment. The board needs to consider factors such as capital replacement cost and caretaking costs. The board should

also review the criteria for the use of relevant Ministry grants.

4. Coordinate communication among the numerous departments involved. As part of the restructuring, the board should include a communications strategy to ensure awareness of policies and procedures, and to improve coordination among departments.

FACILITIES SERVICES

Overview

The SAT and steering committee spent a considerable amount of time on facilities management. Despite the fact that the board accepted many of the facilities recommendations in the PwC report, it was determined fairly early on in the SAT's tenure that a number of supporting conditions needed to be put in place before the board could make significant, transformational change in this area.

Facilities Services has been directly impacted by the SAT's recommendations for the school board. This has included recommendations to address the structural deficit, decommission the DC, and transform the permits function (caretaking support for this activity), procurement, and capital management. Given the time and effort that is required to fully transform Facilities Services, the SAT believes that the board is now well-positioned to embark on the cultural change that is required to transform this area.

It is important to note, however, that over the past several months senior facilities staff have attempted to address the many of the PwC recommendations independent of the SAT. TDSB staff have indicated that progress has been made in considering the span of control of supervisory staff, introducing a GPS system to track vehicle usage, decommissioning the Electronics Repair Shop, and reducing some unionized positions. Though the SAT has not validated these claims, the SAT believes greater leadership, and more resources and time are required to strategically address the operational challenges in this area, and ensure that Facilities Services activities are operationally aligned to support student achievement.

The SAT believes it is imperative that the school board immediately develop a strategic direction for Facilities Services. Reducing staff positions through attrition, voluntary retirement and the overall number of staff positions required must continue to be phased in, to meet the staff complement recommendations in the PwC report. Since transforming this area will likely require the renegotiation of the key terms within the collective agreement, the planning process should begin immediately, and be aligned to the board's overall framework for labour relations.