

In Confidence

Office of the Minister of Education

Cabinet Committee

COVID-19 Recovery: The National School Redevelopment Programme and updating existing school property programmes

Proposal

- 1 In light of the impact of COVID-19 on the economy and construction sector there is a need to provide leadership and certainty to a sector heavily impacted by the level 4 lockdown. As part of the Government response, I want to establish the National School Redevelopment Programme. This paper seeks agreement to:

National School Redevelopment Programme

- 1.1 The establishment of a National School Redevelopment Programme, a 10 year pipeline of works to redevelop, rebuild and refurbish the school property portfolio, aligned to the existing school property growth programme. This programme will facilitate the largest school property upgrade programme approved by any New Zealand Government;
- 1.2 An initial commitment of up to \$1.3 billion, to be funded from a mix of Ministry depreciation funding (Ministry baseline), generated over the life of the programme, and future roll growth, to deliver wave one of the National School Redevelopment Programme, which includes around 40 schools. The schools included in wave one will be confirmed in June 2020;
- 1.3 Delegating authority to finalise the schools in wave one and subsequent waves to the Minister of Education and the Minister of Finance, to accelerate project initiation and delivery;
- 1.4 Delegate authority to approve individual school project budgets over \$35 million to the Minister of Education and the Minister of Finance, to accelerate the project approval process; and
- 1.5 **s 9(2)(j)** in funding for five projects, as part of wave one of the programme. This funding will:
 - 1.5.1 Expand Mount Aspiring College (Wanaka), the only secondary school provider in a catchment experiencing significant growth;
 - 1.5.2 Upgrade Northcote College (Auckland), to complement the regeneration and growth of the area and redevelop;
 - 1.5.3 Right-size and redevelop Spotswood College (Taranaki), to address complex condition issues and poor quality classrooms;
 - 1.5.4 Rebuild Twizel Area School (Canterbury) to provide the school with quality facilities and futureproof the site for forecast growth; and

- 1.5.5 Upgrade Taita College (Wellington) to address age-related deterioration and poor quality classrooms, to position the school to accommodate future changes and growth within the catchment.

Accelerating the programme

- 1.5.6 Note that future waves of school redevelopment projects could be brought forward to increase the scale and impact as part of an economic stimulus package in response to COVID-19. This would require a significant one off capital injection in addition to existing baseline funding, as well as additional capability funding to support the Ministry to accelerate its pipeline.

Christchurch School Rebuild Programme

- 1.5.7 Increase the overall CSR programme budget by \$206 million, as identified in the mid-point review for the CSR programme, to be funded from a mixture of baseline and through future Budgets from 2020;
- 1.5.8 Confirm planned future redevelopment works in Christchurch schools and bring forward baseline funding so they can be delivered as part of the National School Redevelopment Programme under existing CSR contracts, with works brought forward to be funded from Ministry baseline;
- 1.5.9 Increased budgets for five existing Christchurch Schools Rebuild projects, including adjusting the budgets for inflation following the CSR midpoint review and incorporating roll growth allocations into total project budgets; and
- 1.5.10 Delegate authority for any further Christchurch Schools Rebuild individual project budget increases to the Minister of Education and the Minister of Finance for Projects over \$35 million.

Legacy Redevelopment Programme

- 1.5.11 Agree to delegate to the Minister of Education and the Minister of Finance authority to approve project increases in legacy projects over \$35 million that would normally need to come back to Cabinet to ensure the delivery continues and is not delayed.

Programme Delivery Plan for the School Property Growth Programme (Budget 2019)

- 1.5.12 Note the attached programme delivery plan (**Appendix Five**)

Relation to government priorities

- 2 This Government is committed to making New Zealand the best place in the world to be a child. Whānau rightly expect that their children will be able to learn in warm, dry, comfortable classrooms.

- 3 Through Budget 18 and Budget 19, the Government committed over \$1.5 billion to expand the capacity of the school system, to accommodate future roll growth. This includes a mixture of new schools, roll growth classrooms and school expansions.
- 4 Through the New Zealand Upgrade Programme, the Government has also committed almost \$400 million to bring forward capital projects at more than 2,000 schools. Additional spending on capital works at schools could be included in any economic package that is identified through the Government's work to re-boot and stimulate the economy in response to COVID-19.
- 5 This paper introduces the National School Redevelopment Programme, which will upgrade around 180 schools over the next ten years, representing more than 93,000 student spaces which will be upgraded through the programme alone. Wave one (\$1.3 billion) will upgrade around 40 schools, with future waves to be announced later.
- 6 The other projects in this paper represent initiatives that will upgrade and expand schools to ensure that all ākonga have access to quality classrooms where they can learn and thrive.
- 7 Since 2018, and including Wave One of the National School Redevelopment Programme sought in this paper, and the School Investment Package, this Government has committed more than \$3.2 billion to school property. This includes announced investment of over \$1 billion to upgrade over 1,100 classrooms for around 34,000 students with more to come.
- 8 We are forecasting to spend around \$1 billion on school property infrastructure in 2019/20.

Executive Summary

- 9 In 2013, when the Ministry's Education Infrastructure Service (EIS) was established, projects within Cabinet's delegation were considered and approved on a project-by-project basis. Other than the projects delivered as part of the Christchurch Schools Rebuild programme (CSR), the Ministry of Education has continued to seek approval using the project-by-project approach.
- 10 Under this approach, to manage school and community expectations, engagement and publicity for the project has been limited until funding is secure, resulting in planning delays, delivery constraints and frustration to schools and communities. It has also been difficult to give the regional construction sector the certainty it needs to gear up and prepare for a long term programme of infrastructure works.
- 11 A National School Redevelopment Programme will maximise the benefits of a long-term view for the Ministry's condition projects, and is consistent with the outcomes of the Tomorrow's Schools Review, as it enables the Ministry to enhance support for schools and remove the burden of property-related matters, and deliver upgraded classrooms to 2030.
- 12 Where schools face both growth and condition pressures, the National School Redevelopment Programme will co-deliver roll growth and upgrade works, reducing the impact of construction works on teaching and learning.

- 13 This paper also reports back on progress of the \$1.2 billion growth package, with a delivery plan and expected benefits of the multi-year capital allowance and programme approach.

Background

- 14 Too many of our schools are struggling to cope with outdated facilities which provide insufficient space or poor quality classrooms. A significant proportion of the school property portfolio is over 40-50 years old. I want all schools to provide a learning environment that best supports educational success, and one that students, parents, whānau and communities can be proud of.
- 15 Since the establishment of the Education Infrastructure Service (EIS) in 2013, Ministry of Education has managed a series of property programmes to upgrade and expand the school property portfolio, to ensure all school learners have access to quality classrooms.
- 16 To achieve this, I have introduced a four-point plan for warm, dry and modern classrooms for all learners by 2030:

16.1 Building for Growth (National Education Growth Plan)

It is important that parents are confident they can send their child to their local school. In 2019, I announced New Zealand's first National Education Growth Plan (NEGP), a commitment to a long-term plan to build new schools and classrooms for around 100,000 extra students. To ensure that schools are able to keep up with the pace of our growing population, this plan was supported by \$1.2 billion of growth funding as part of Budget 2019.

16.2 Accelerating classroom upgrades (School Investment Package)

Ensuring all children are learning in quality classrooms is critical to their success. In December, the Prime Minister and I announced the School Investment Package, a \$396 million capital injection for more than 2,000 state schools. Each school received up to \$400,000 to deliver school-led property projects over the next one to two years. By accelerating planned property works, schools will be able to offer improved classrooms and facilities for their students, sooner.

16.3 Clean and affordable heating and lighting in schools

Tackling climate change is a key priority for this Government, and I am helping schools improve their environmental sustainability by reducing their energy consumption and environmental through a number of sustainability initiatives. I have established a \$5 million contestable fund for innovative energy projects in schools, such as replacing inefficient heating systems. A further \$4.8 million will replace coal boilers at eight schools. I will soon announced the 'Improving Classrooms in Small or Remote Schools' programme, which will deliver improvements to small or isolated schools, including LED lighting, acoustic panels, thermal blankets for insulation and Residual Current Devices (RCDs) to improve electrical safety. I have also instructed the Ministry to run energy efficiency trials in sixty schools, as well as other methods of reducing water use and carbon emissions.

16.4 *Redeveloping existing schools*

Finally, the introduction of a National School Redevelopment Programme will deliver upgrade works to around 180 of our worst condition schools. The centrally managed programme will be deliver redevelopment, rebuild and refurbishment projects in four waves over the next ten years. The first wave will comprise of around 40 schools, delivering up to \$1.3 billion of upgrade works.

Analysis

National School Redevelopment Programme

- 17 A number of schools in the portfolio are faced with infrastructure challenges that require a more substantial intervention than can be managed at the school level.
- 18 Between 2013 and 2017, the previous Government approved major redevelopment projects at 36 schools. Since the end of 2017, this Government has invested in 18 new and two existing major redevelopment projects.
- 19 The Ministry has identified a pipeline of around 180 schools in poor condition that require significant, Ministry-led upgrade works over the next 10 years in order to meet our 2030 property goal. The pipeline includes primary schools, secondary schools, special education schools and kura from regions across the country. A high level breakdown of the pipeline can be found in **Appendix One**.
- 20 I want to fully fund this pipeline, as the National School Redevelopment Programme. Introducing a programme approach to major redevelopments will form a comprehensive blueprint for condition works at schools across New Zealand, to 2030.
- 21 Rather than seeking Cabinet approval for a handful of projects at a time, as is current practice, I will seek Cabinet approval for waves of school upgrade projects. Each wave will identify the schools and high level scope, and will seek an upper limit programme envelope to deliver the necessary upgrades.
- 22 An upper limit programme envelope of \$1.3 billion will deliver condition works to the first wave of around 40 schools, to upgrade their facilities, leaving their students with warm, comfortable learning environments.
- 23 Each project will include a proportion of programme contingency, which is held centrally. Programme contingency is used only when the project encounters unforeseen costs, such as compromised ground conditions or asbestos removal. Should this funding not be required, it is returned to the redevelopment pool, to be reallocated to other condition projects.

Benefits of a National Programme approach

- 24 The programme will ensure that condition is being addressed in schools with the greatest need and that it is equitable and fair.
- 25 The Ministry's previous approach prioritised large investment, which meant a smaller number of schools received large redevelopments while the rest of the portfolio has had to wait.

- 26 The priority of the new programme is to ensure as many students benefit from condition works as possible, which involves prioritising the number of schools that can be addressed, rather than approving a handful of substantial projects.
- 27 This means that some schools in the programme will not require complete rebuilds, while others will require significant investment, with budgets exceeding \$35 million. Property solutions will be efficient, effective and fair.
- 28 Approval in waves will create certainty around a greater number of projects, sooner. The Ministry will be able to undertake more comprehensive planning earlier. Clearer scope will allow for more rigorous costing and will minimise delays caused by the need for subsequent change approvals. This will lead to improved delivery timeframes and spend over next 10 years.
- 29 By approving waves of investment, individual projects will be announced sooner than they would under the current project-by-project approval framework. Earlier announcement will reassure Principals and Boards of Trustees, who currently experience uncertainty and anxiety until projects are approved and announced. Whānau and communities can be confident their children will have access to quality classrooms and facilities.
- 30 Confirmation of project funding will enable the Ministry to provide certainty to the construction sector. By introducing a long-term plan, the sector will be able to prepare for increased project scale and intensity in the right regions.
- 31 Programme waves will allow the Ministry to implement innovative procurement. Each wave will comprise of project bundles, with a spread of project types and values. By bundling projects, the Ministry will maximise sector capacity and available baseline funding to invest in upgrading schools.
- 32 The programme will also utilise opportunities to bundle condition and growth works at schools receiving roll growth classrooms.

An updated authorising environment

- 33 The Ministry is currently undertaking the prioritisation of the pipeline. The list of around 40 schools to be delivered in wave one will be confirmed by June 2020.
- 34 In order to maximise the efficiencies offered by this programme approach, I am seeking Cabinet's agreement to delegate approvals for projects with individual budgets over \$35 million in all four waves of this programme to the Minister of Finance and myself, as Minister of Education, for final approval.
- 35 Once the schools included in wave one are finalised, the Ministry will report back to the Minister of Finance and myself, as Minister of Education, and will seek any necessary project approvals under our delegation from Cabinet.

First projects for wave one

- 36 Five projects from wave one are ready for consideration and approval now, with the remaining wave one schools to be confirmed in June 2020. The scale and severity of

the infrastructure pressures at these schools mean they have already been confirmed for wave one of the multi-year programme.

- 36.1 Mount Aspiring College - s 9(2)(j) for subsequent stages of the existing project to accelerate the delivery of a comprehensive growth and condition solution.
- 36.2 Northcote College - subsequent stages of the existing project to accelerate the delivery of a comprehensive growth and condition solution.
- 36.3 Spotswood College - to address condition pressures by rationalising surplus classrooms and replacing poor condition classrooms to entitlement.
- 36.4 Twizel Area School - to rebuild the school, replacing old relocatable buildings that have reached the end of their economic life.
- 36.5 Taita College - to address complex condition works by refurbishing or rationalising and replacing poor condition buildings.

37 Project details for each of these schools can be found in **Appendix Two**.

Options to scale up Wave One as part of the COVID-19 economic recovery package

- 38 Wave One of the National School Redevelopment Programme can be scaled up to increase its economic stimulus effect, generating more employment sooner.
- 39 A capital injection of up to s 9(2)(j), in addition to the existing \$1.3 billion budget, would enable the Ministry to bring forward between additional projects from later waves, depending on the scale and needs of each individual school.
- 40 The Ministry would also require additional capability funding, to enable it to support the delivery of these additional projects.
- 41 A capital injection would allow the Ministry to initiate these projects now, rather than in later waves. Bringing forward these projects will provide certainty to both the schools themselves, and the sector, who could begin to gear up in preparation for future work.
- 42 In the meantime, the Ministry will begin the planning for these projects. This will involve a range of suppliers, including architects, designers, engineers, and planners.
- 43 A s 9(2)(j) commitment to upgrading up to of New Zealand's worst condition schools could form a significant part of this Government's COVID-19 economic recovery package.

Updating Existing School Property Programmes

Christchurch School Rebuild Programme

- 44 In November 2013, following the Christchurch earthquakes, the Government committed \$1.137 billion capital funding to a programme that would rejuvenate the

education network in greater Christchurch. The Christchurch Schools Rebuild (CSR) programme is now in its sixth year.

45 The original programme budget approved by Cabinet excluded adjustments for escalation or inflation, as it was difficult to predict these with any certainty in the immediate post-earthquake period. It was intended that, partway through the programme, a review would identify deficiencies and individual project budgets would be adjusted as necessary.

46 Following the mid-point review, a shortfall of \$206 million was identified. This shortfall will be met through a combination of Ministry baseline fundings s 9(2)(j) and new capital. The new capital will be funded from existing roll growth allocations (\$11 million from Budget 2018), with the remainder to be sought in future Budgets. The Ministry of Education intends to seek new capital through Budget 2020 and subsequent budgets as required. Allocated roll growth funding that is already held in contingency will be drawn down when appropriate.

47 Where individual projects in the CSR programme require additional funds in order to complete the scope of works, the cost will be met from within the increased programme envelope.

Budget adjustments to individual projects following the midpoint review

48 Where individual CSR project budgets exceed \$35 million, these projects sit within Cabinet's delegation. These projects require Cabinet approval for budget increases, although the increased funding will be met from within the programme envelope.

49 Five CSR projects that sit within Cabinet's delegation collectively require an additional s 9(2)(j) to be funded from the increased CSR programme envelope, which is funded through a mixture of new capital and Ministry baseline funding. The increased costs for these projects were identified in the CSR midpoint review.

49.1 Cashmere High School - of additional funding in response to inflation.

49.2 Linwood College - of additional funding to provide appropriate contingency following the discovery of ground contamination.

49.3 Cobham Intermediate and Burnside Primary School - of additional funding to deliver shared infrastructure.

49.4 Burnside High - of additional funding to adjust the project budget in light of the CSR midpoint review

49.5 Papanui High - of additional funding to adjust the project budget in light of the CSR midpoint review and roll growth allocations.

50 Project details for each of the CSR schools can be found in **Appendix Three**.

Meeting future Budget increases for Christchurch Schools Rebuild projects

51 Unforeseen challenges and scope adjustment to accommodate deferred condition issues can result in individual project budgets fluctuating. Equally, opportunities for efficiencies offer savings for some projects.

52 In order to mitigate the impact of the re-approval process on schools, students and communities, I recommend that Cabinet delegate further Budget approvals to the Minister of Education where the increased costs can be met by the existing programme envelope.

53 Delegating this approval means that individual project unders and overs will be utilised to deliver the CSR programme, without the need to return to Cabinet, which will enable the Ministry to deliver projects to schools and communities sooner, and with less disruption to teaching and learning.

Future investment in Christchurch schools

54 There is an opportunity to bring forward future planned works for Christchurch schools, and deliver these under existing contracts for CSR projects.

55 Bringing forward approval for these future works would enable us to streamline delivery, spend and reduce disruption to schools as the Ministry doesn't have to engage contractors at a school multiple times.

56 By expanding the scope of works being delivered by the CSR programme, the Ministry will upgrade more classrooms and buildings than in the original programme, and bring forward the delivery of future works (7-10 years), reducing future liabilities and upgrading more student spaces, sooner.

57 Given the scale of the National School Redevelopment Programme, it is prudent to maximise capacity available in the sector now. As a number of live CSR projects are still in the design and construction phase, spend and delivery of these works can begin in the next 6-12 months.

58 The Ministry estimates that capital works could be extended at around 86 of 115 schools currently in the CSR programme. Two of these schools, Christchurch Girls' High School and Christchurch Boys' High School, are likely to be within Cabinet's delegation.

59 Bringing forward works would allow the Ministry to allocate baseline funding to expand works at these CSR schools, in addition to works funded from the CSR programme envelope. There is an opportunity to scale the works.

60 Bringing forward future planned works will not impact the delivery timeframe for planned CSR works, as those projects are in flight.

61 Bringing forward works will reduce future liabilities at these CSR schools by delivering a more comprehensive property solution than is possible under the existing CSR scope. However, the additional scope may increase individual project completion dates by between three and six years. From completion, the Ministry expects to undertake only routine maintenance works at these schools over the following 15 – 20 years.

Legacy Redevelopment Programme

- 62 Earlier this year I reported back to Cabinet seeking investment in projects under the Ministry's legacy redevelopment programme [GOV-19-SUB-0038] I advised that completing the legacy programme would be an essential part of meeting our 2030 target for improving the condition of school property.
- 63 In response to feedback from Cabinet, the Ministry have undertaken a comprehensive review of the legacy programme to work out how best to manage the programme going forward, and to mitigate the need for future ad hoc budget increases.
- 64 Following discussions with the Treasury, the review did not focus primarily on procurement practices as, following initial investigation, issues were the result of challenges to the business case process and other processes relating to project initiation.
- 65 The comprehensive review has identified around ten redevelopment projects underway with a value exceeding \$35 million where it is clear that, following updated Quantity Surveyor reports, the original budget is insufficient to complete the project.
- 66 Small contingencies and a strong focus on efficiency resulted in projects with limited flexibility to respond to unexpected challenges, such as poor site condition, civil infrastructure or escalating construction costs. Seeking adjusted project budgets would normally require individual approval requests to Cabinet. This is both time consuming and costly.
- 67 Our review has identified that programme certainty and the ability to enter into longer term contracts would allow the Ministry to leverage procurement and set more accurate budgets. It highlighted that the current process for delegations often delays project initiation, which in turn negatively impacts the school and community, who frequently voice stress or frustration resulting from uncertainty.
- 68 A more comprehensive summary of the review can be seen in **Appendix Four**.
- 69 Our review recommends that the Ministry adopt a programme approach, similar to the National Education Growth Plan, so that we can commence planning earlier to finalise budget and scope and then seek approval for the Budget at a Ministerial level.

Programme Delivery Plan for the School Property Programme (Budget 2019)

- 70 On 4 June 2019, I presented the National Education Growth Plan (NEGP) to Cabinet. The NEGP addresses the complexity and transformation required across all of New Zealand's high growth regions and ensures that sufficient capacity in schools nationwide is delivered in the right place at the right time, out to 2030.
- 71 Cabinet agreed to the NEGP's approach to manage and grow the schooling network in response to current and forecast increases in the school age population.
- 72 On 5 July 2019, the NEGP was publically released by the Prime Minister and myself in Auckland. This was the first time that a New Zealand Government has committed to a long-term infrastructure plan that will see brand new schools and classrooms

built, to meet demand for 100,000 extra student places for children entering schools over the next 10 years.

73 To deliver this plan, Budget 2019 allocated \$1.2 billion of capital funding to build new classrooms and new schools across New Zealand, the largest single investment in the school property portfolio by any New Zealand Government.

74 I have been asked to report back on progress of the \$1.2 billion School Property Programme, with a delivery plan and expected benefits of the multi-year capital allowance and programme approach.

Benefits of the programme

75 The multi-year capital allowance has had a number of advantages and benefits in its first year. I have been able to allocate and announce over \$300 million of roll growth projects alone, including expanding capacity at Kura and delivering more special education satellite units.

76 This allows the Ministry to initiate project planning earlier, which will accelerate project delivery. The announcements have reassured schools and means they can begin working collaboratively with the Ministry on the design and delivery of these projects.

77 With previous Budgets it has been challenging to progress large complex projects requiring both expansion and upgrade. Historically, the Ministry has had to choose between allocating large amounts of roll growth funding to a single project or funding a number of smaller more urgent projects.

78 Typically the Ministry has spread the available funding thinly, as demand has outstripped supply, rather than future-proofing schools for forecast growth. The multi-year appropriation has allowed the Ministry to start large projects now by allocating funding from future years, and meet urgent smaller demand at the same time.

79 Funding certainty in outyears has enabled the Ministry to begin purchasing land for future new schools well in advance where there is a procurement advantage to do so. This also mitigates the risk of delays caused by finding a suitable site, which can be difficult in high growth areas such as Auckland.

80 A governance group has been established and will have its first meeting in June 2020 to review progress bi-annually and provide oversight to the programme. This group has a representative from The Treasury.

81 The programme delivery plan is attached as **Appendix Five**.

COVID-19 Implications

82 New restrictions on social gathering and workplaces that are introduced in response to the development of COVID-19 may impact the delivery of projects in this paper.

83 The Ministry has reviewed the project costings in light of COVID-19, and I am assured that the budget approvals sought in this paper allow sufficient escalation for projects to respond to delays of up to 12 months.

84 A number of projects in this paper are soon to enter the design stage. This design work can be completed remotely, and progress should not be significantly impacted by social distancing and isolation requirements.

85 s 9(2)(g)(i)

Financial Implications

86 The Ministry funds all redevelopment costs from its baseline, and growth is funded through the annual Budget process. The \$1.3 billion allocated to Wave One of the National School Redevelopment Programme will be met from a combination of baseline and capital injection to be sought in future Budgets.

87 Where projects will also deliver roll growth classrooms, these will be met by the 10 Year School Property Programme, funded through the Wellbeing Budget (2019) and subsequent Budgets.

88 The Christchurch Schools Rebuild Programme will require s 9(2)(j) of new capital, some of which has already been funded as roll growth from previous budgets. I intend to seek the outstanding additional funding through Budget 2020 and future Budgets.

Legislative Implications

89 There are no legislative implications associated with this paper.

Impact Analysis

Regulatory Impact Statement

90 A regulatory impact statement is not required.

Population Implications

Ensuring fair representation of priority learning populations

91 The shift from a project-by-project pipeline to a programme approach represents a step-change for the Ministry. By taking a programme view of redevelopment projects, investment decisions will be more equitable and improve a greater number of schools.

92 Previously, the pipeline has been dominated by large schools and significant, complex projects. This approach meant that small schools, or schools in areas of static or declining populations, were often unable to receive the works they required as funding was allocated to bigger projects, or to schools in high growth areas.

- 93 Through its programme approach, the Ministry is shifting to invest in a greater number of schools, and in turn it will upgrade a greater number of student places. This is more equitable than directing a significant proportion of funding to a handful of schools.
- 94 The adjustment is particularly significant for Māori learners, who usually make up a higher proportion of schools in areas of static or declining school populations.

Identifying opportunities for physical design to support the cultural and physical needs of priority learners

- 95 Schools have the opportunity to inform the master planning and design processes through the provision of an 'Education Brief'. Through its Education Brief, the school can identify opportunities for physical design to support its pedagogy. This may include ways to support Māori and/or Pacific culture, or opportunities for design to cater for students with different learning needs.
- 96 The Education Brief ensures that projects will deliver facilities that both consider and reflect the cultural and learning needs of all ākonga.

Disability Perspective: Delivering accessible school property

- 97 The Ministry's construction projects deliver facilities that meet New Zealand Building Code accessibility requirements (NZS4121).
- 98 Buildings upgraded through the National School Rebuild Projects will meet these requirements.
- 99 Since 1989 New Zealand has had a strong commitment to inclusive education through the Education Act 1989, through our commitment to the United Nations Convention on the Rights of Persons with Disabilities, and through the New Zealand Disability Strategies developed in 2001 and 2016.
- 100 Part of that commitment has been a commitment to ensuring schools are physically accessible when new schools are built or upgraded or when a student with disability and accessibility needs enrolls in a school. It is this enrolment that triggers property modifications under the "first time enrolment" policy. In the 2019/20 financial year, the Ministry approved \$54.5m for 397 enrolment-triggered Learning Support Property Modification projects at 368 schools.
- 101 The Ministry is currently developing a national network plan for learning support for the next ten years (to 2030). This includes reviewing and reconsidering educational policies for students with learning needs. We expect this planning to be completed by the end of 2020.
- 102 The Ministry of Education will work closely with disabled people including their representative organisations, the family whanau of disabled children/young people, and the wider disability community to progress this work programme and optimise the educational and social wellbeing outcomes for children/young people with disabilities as the programme is implemented.

Human Rights

103 There are no human rights implications associated with this proposal.

Consultation

104 The Ministry has consulted the Treasury when developing this paper.

Communications

105 There will be an opportunity to announce the National School Redevelopment Programme, including individual projects. The Ministry will advise me when they are ready to announce.

Proactive Release

106 I recommend that this paper is not proactively released at this time, as it contains budget sensitive information.

Recommendations

107 It is recommended that Cabinet:

National School Redevelopment Programme

- a. **Agree** to establish a multi-year National School Redevelopment Programme to address poor condition facilities at 180 schools from the redevelopment pipeline,
- b. **Approve** the Ministry allocating \$1.3 billion of its depreciation funding, generated over the life of the programme, to deliver wave one of the National School Redevelopment Programme, which will deliver condition projects at around 40 schools, to be funded from baseline;
- c. **Note** that bringing forward future projects as part of a Government led COVID-19 recovery package would require a significant capital injection, of up to **s 9(2)(j)**, as well additional capability funding into outyears;
- d. **Approve** **s 9(2)(j)** for complex growth and condition works at Mount Aspiring College, to be funded from a combination of Ministry baseline and roll growth allocation;
- e. **Approve** **s 9(2)(j)** for complex growth and condition works at Northcote College, to be funded from a combination of Ministry baseline and roll growth allocation;
- f. **Approve** **s 9(2)(j)** for complex condition works at Spotswood College, to be funded from Ministry baseline;
- g. **Approve** **s 9(2)(j)** to rebuild Twizel Area School, to be funded from Ministry baseline;
- h. **Approve** **s 9(2)(j)** for complex condition works at Taita College, to be funded from Ministry baseline;

- i. **Note** the upper limit budgets in recommendations d to h above include programme contingency to manage risk, and will not be included when individual projects are announced;
- j. **Agree** to delegate to the Secretary of Education authority to sign construction contracts on behalf of the Ministry for the projects approved in recommendations d to h above; and
- k. **Delegate** to the Minister of Education and the Minister of Finance the authority to confirm the pipeline and the budgets for remaining National School Redevelopment Programme projects, where they exceed \$35 million and are funded from Ministry baseline and/or existing roll growth allocations;
- l. **Note** that restrictions on workplaces introduced in response to COVID-19 may impact the delivery of this programme.
- m. **Note** the Ministry of Education will work closely with disabled people including their representative organisations, the family whanau of disabled children/young people, and the wider disability community to progress this work programme and optimise the educational and social wellbeing outcomes for children/young people with disabilities as the programme is implemented.

Christchurch Schools Rebuild Programme

- n. **Note** that in 2013 Cabinet approved a \$1.137 billion Christchurch Schools Rebuild Programme to address school infrastructure after the 2011 Christchurch Earthquakes, to be funded from Ministry of Education baselines, insurance proceeds and capital injections [CAB Min (13) 39/6A];
- o. **Note** that the original programme budget did not include adjustments for escalation or inflation, as it was intended that a midpoint review would identify deficiencies and adjust project budgets as necessary
- p. **Note** that independent consultants conducted this midpoint review in 2018, and agree that the programme requires an additional \$206 million to deliver the complete programme;
- q. **Note** that the programme will require s 9(2)(j) in additional capital injection, to be met through a combination of existing roll growth allocation, and through future Budgets, with the remaining to be met through Ministry baseline;
- r. **Approve** of additional funding for the redevelopment of Cashmere High School, funded from Ministry baseline;
- s. **Approve** of additional funding for the redevelopment of Linwood High School to be funded from the mid-point review adjusted CSR programme;
- t. **Approve** of additional funding for the redevelopment of Burnside Primary / Cobham Intermediate to be funded from the mid-point review adjusted CSR programme;

- u. **Approve** s 9(2)(j) of additional funding for the redevelopment of Burnside High to be funded from the mid-point review adjusted CSR programme;
- v. **Approve** of additional funding for the redevelopment of Papanui High to be funded from the mid-point review adjusted CSR programme;
- w. **Authorise** the Secretary for Education to sign construction contracts on behalf of the Ministry for the projects approved in recommendations q to u above; and
- x. **Delegate** approval for any future project budget changes over \$35 million to the Minister of Education and the Minister of Finance, where these can be met from the existing Christchurch Schools Rebuild programme envelope;

Legacy Redevelopment Programme

- y. **Delegate** budget approval for projects over \$35 million to the Minister of Education and the Minister of Finance (including Christchurch Schools Rebuild projects), to be funded from Ministry baseline and/or existing roll growth allocations.

10 Year School Property Programme

- z. **Note** that the Budget 19 programme delivery plan is attached, and outlines where the programme will expand capacity at schools across New Zealand to deliver the National Education Growth Plan.

Authorised for lodgement

Hon Chris Hipkins

Minister of Education

Appendix Two

Project summary for five new major redevelopment projects

Project	Current Budget	Costs Sought	Total New Budget
<p>Mount Aspiring College <i>Decile: 10 / March 2019 Roll: 1,080 students</i></p> <ul style="list-style-type: none"> In December 2017, I announced \$13.0m (total value s 9(2)) for stage one of works at Mount Aspiring College. Stage One provides 18 new teaching spaces, the modernisation of five existing teaching spaces, and the rationalisation of four outdated teaching spaces, for a total net gain of 14 additional classrooms. Due to the significant growth pressures the school was facing, it was important to provide the school, and the growing community, with reassurance that their only secondary school would be sustainable. Mount Aspiring College is the only secondary school in a rapidly growing catchment. It was allocated 23 roll growth classrooms in Budget 19. Accommodating these new classrooms requires some reconfiguration of the school site. As an interim solution, the Ministry has leased 11 relocatable classrooms to support the school roll. However, these single cell spaces do not meet the Ministry’s design standards and are only suitable as a stopgap solution. Significant lease costs prevent these from being a long-term solution. Existing classrooms at the school are original from the school’s establishment in the 1970s. Some classrooms predate the school as they were relocated from an older school in Twizel. These classrooms are now in poor condition, with significant weathertightness and ventilation issues. s 9(2)(f)(iv) [Redacted] [Redacted] 	<p>s 9(2) (i) [Redacted]</p>	<p>[Redacted] [Redacted] [Redacted]</p>	<p>[Redacted]</p>

Project	Current Budget	Costs Sought	Total New Budget
<p>Northcote College <i>Decile: 7 / July 2019 Roll: 1,080 students</i></p> <ul style="list-style-type: none"> In August, 2018 I announced the Ministry would rebuild an eight classroom technology block at Northcote College. The technology block was part of Stage One of works planned for the school and was an immediate investment need. Subsequently we have identified within the wider campus significant deterioration resulting from deferred maintenance, and seismic issues. An increased scope is required to remediate or replace poor condition classrooms and provide staff and students with warm, quality classrooms. The school is also experiencing growth, and was allocated 4 classrooms in Budget 19. In response to the extensive condition issues, the project will remediate or rationalise and replace 17 buildings, containing 74 classrooms. The gym will be replaced, and the outdoor spaces will be reconfigured to improve site cohesion. 	<p>s 9(2) i) [REDACTED] [REDACTED]</p>	<p>[REDACTED] [REDACTED] [REDACTED]</p>	<p>[REDACTED]</p>
<p>Spotswood College <i>Decile: 5 / July 2019 Roll: 700 students</i></p> <ul style="list-style-type: none"> Spotswood College has been identified as requiring significant rationalisation, as it currently has 63 teaching spaces. Forecasts indicate that 56 teaching spaces will support the current roll and allow growth capacity. Two Nelson blocks provide approximately 50% of the school's teaching spaces. Both blocks have suffered from deferred maintenance, leading to water ingress. Asbestos is present in both buildings. Due to the configuration of the existing teaching spaces, the rationalisation project will trigger the remediation and possible rebuild of some remaining teaching spaces. The technology block is a leaky building, and has experienced damage resulting from water ingress. The project will repair the tech block, s 9(2)(i) [REDACTED] [REDACTED] 	<p>-</p>	<p>s 9(2)</p>	<p>[REDACTED]</p>

IN CONFIDENCE

Project	Current Budget	Costs Sought	Total New Budget
<p>Twizel Area School <i>Decile: 8 / July 2019 Roll: 200 students</i></p> <ul style="list-style-type: none"> Twizel Area School was constructed during the mid to late 1960s, and opened in 1970. The original buildings all range in age from 33 to 49 years old. Subsequent alternations have been undertaken at both the entry and administration areas of the school over the last 10-20 years. Main teaching blocks comprise of relocatable classrooms that are past their economic design life and are in poor condition. Refurbishment of these buildings would be a poor investment choice and would not provide the opportunity to update the building configuration to support the school's pedagogy. A complete rebuild of the school, on the existing school site, presents the most efficient and effective opportunity to address the property concerns. A rebuild will provide the school with facilities that support its pedagogy, and will enable the Ministry to futureproof the site for forecast growth. Given the school's isolated location and high demands on the construction industry in Central Otago, procuring and delivering as a single project is the most economic option. 	-	s 9(2)	████████
<p>Taita College <i>Decile: 2 / July 2019 Roll: 420 students</i></p> <ul style="list-style-type: none"> A new principal and Board of Trustees were appointed at the College following a statutory intervention in 2017. The school has experienced a period of decline over the last 10-15 years. As part of the change in leadership, a property review identified that the school buildings were in significantly worse condition than reported when the 2014 10 Year Property Plan was implemented by the previous Board of Trustees. Eight of the school's eleven buildings are in poor condition as a result of roof failure. The five main buildings at the College are Nelson Blocks, constructed between 1956 and 1960, and as such do not meet the Ministry's current design standards, with limited insulation and suspected asbestos-containing materials. As other secondary schools in the local catchment are reaching capacity and implementing enrolment zones it is expected that the Taita College roll will absorb more of its local students, and there may be some uplift in roll over the coming years. The project will refurbish or rationalise and replace poor condition buildings, to provide students with warm, dry, comfortable teaching spaces that meet current quality standards. 	-	s 9(2)	████████
Total	s 9(2)	████████	████████

Appendix Three

Project summary for five Christchurch Schools Rebuild projects

Project	Current Budget	Costs Sought	Total New Budget
<p>Cashmere High School <i>Decile: 9 / July 2019 Roll: 2,100 students</i></p> <ul style="list-style-type: none"> A major redevelopment and replacement project is underway at the school. The increased budget reflects escalation in costs that has occurred since the original budget was approved, identified by the midpoint review. 	s 9(2)	████████	████████
<p>Linwood College <i>Decile: 3 / 2019 Roll: 700 students</i></p> <ul style="list-style-type: none"> A complete rebuild of the College on its existing site is underway. Works uncovered poorer than anticipated ground condition, and the cost to address the contamination has consumed a significant portion of the existing project contingency. The increased budget provides for a project contingency that will be used to mitigate any potential risks that may arise for the remainder of the project. Any unspent contingency will be returned to the programme envelope. 	s 9(2)	████████	████████
<p>Papanui High School <i>Decile: 7 / 2019 Roll: 1560 students</i></p> <ul style="list-style-type: none"> Papanui High School required significant redevelopment to mitigate seismic damage and poor condition classrooms resulting from deferred maintenance, providing an opportunity to deliver modernisation and growth to allow for the expanding capacity. The project was costed as part of the original CSR programme business case. Following the midpoint review, the project requires additional funding in order to deliver the scope of works. The increased budget provides for a project contingency that will be used to mitigate any potential risks that may arise for the remainder of the project. Any unspent contingency will be returned to the programme envelope. 	s 9(2)	████████	████████

**The additional costs at Cashmere High School will be met through Ministry baseline, as the project co-delivers earthquake remediation and a separate upgrade project to address a poor quality teaching block.*

IN CONFIDENCE

Project	Current Budget	Costs Sought	Total New Budget
<p>Burnside Primary <i>Decile: 4 / July 2019 Roll: 290</i></p> <p>and Cobham Intermediate <i>Decile: 8 / July 2019 Roll: 690</i></p> <ul style="list-style-type: none"> In 2012, the then Minister of Education considered closing Burnside Primary as part of a review of education provision following the Canterbury Earthquakes. Following support from the local cluster, it was decided Burnside Primary would remain open. The school would be rebuilt on its site, which it shares with Cobham Intermediate. Burnside Primary required significant redevelopment to mitigate seismic damage. In order to facilitate some shared infrastructure with Cobham Intermediate, the project includes both schools. The project was costed as part of the original CSR programme business case. Following the midpoint review, the project requires additional funding in order to deliver the scope of works. The additional funding will provide sufficient capital to deliver shared infrastructure between the school, as the costs are higher than in original estimates. The schools will share an administration space and some essential infrastructure including power and internet. 	s 9(2)	████████	████████
<p>Burnside High School <i>Decile: 8 / 2019 Roll: 2500 students</i></p> <ul style="list-style-type: none"> Burnside High School required significant redevelopment to mitigate seismic damage and poor condition classrooms as a result of deferred maintenance, while also delivering modernised classrooms. The project was costed as part of the original CSR programme business case. Following the midpoint review, the project requires additional funding in order to deliver the scope of works. The increased budget provides for a project contingency that will be used to mitigate any potential risks that may arise for the remainder of the project. Any unspent contingency will be returned to the programme envelope. 	s 9(2)	████████	████████
Total	s 9(2)(i)	████████	████████

Appendix Four

Summary of the Ministry's Legacy Programme review

The Ministry has completed its review of the legacy programme, and identified opportunities to mitigate the risks posed by these issues.

- a. **Managing school expectations** – the long lead-up time from project initiation to approval and announcement is both frustrating for the school and provides time for significant variation from the original infrastructure issue.

By providing schools with both clarity, and certainty, earlier in the process, the National School Redevelopment Programme will enable the Ministry to better manage school expectations and allow the school to more effectively manage communications with its community.

- b. **Consistent reporting** – treatment of schools at a project level resulted in significant variation in both the manner and frequency of reporting. The variation in size and duration of projects created a challenge for regularity and depth of project reporting.

The Ministry's reporting function will provide quarterly updates to me, as Minister of Education, on the progress of all school property programmes, including the existing legacy programme and the National School Redevelopment Programme. Regular reporting will provide greater oversight and will eliminate variation in quality and consistency of reporting.

- c. **Rising costs** – discrepancies between the Ministry's build rates, which emphasised efficiencies and lean budgets, and standard market rates resulted in budget deficiencies for some projects. Additionally, contingency allocations were inadequate to address the risk posed by some complex projects.

In August 2019, I reported to Cabinet that the Ministry would apply an updated costing methodology, which better priced and provided for risks to individual projects. The provision of an additional contingency at the programme level also allows individual project unders and overs to offset one another.

- d. **Proactive co-delivery of growth and condition solutions** – previously, the uncertainty caused by an annual roll growth allocation process resulted in existing projects incorporating scope changes part way through delivery as the result of roll growth allocations that were not confirmed when the project was initiated.

Budget 2019 provided the first ever multi-year school property capital injection, which has enabled the establishment of a 10 Year School Property Programme to deliver the additional spaces outlined in the National Education Growth Plan. The confirmation of a forward-pipeline of works allows the Ministry to incorporate future growth allocations in the design stage, which reduces the likelihood of drastic change resulting in budget increases partway through a project.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

COVID-19 Recovery: The National School Redevelopment Programme and Updating Existing School Property Programmes

Portfolio Education

On 11 May 2020, following reference from the Cabinet Social Wellbeing Committee, Cabinet:

National School Redevelopment Programme

- 1 **agreed** to establish a multi-year National School Redevelopment Programme to address poor condition facilities at 180 schools from the redevelopment pipeline,
- 2 **approved** the Ministry of Education (the Ministry) allocating \$1.3 billion of its depreciation funding, generated over the life of the programme, to deliver wave one of the National School Redevelopment Programme, which will deliver condition projects at around 40 schools, to be funded from baseline;
- 3 **noted** that bringing forward future projects as part of a government led COVID-19 recovery package would require a significant capital injection, of up to s 9(2)(j) as well additional capability funding into out years;
- 4 **approved** an upper limit budget of [REDACTED] for complex growth and condition works at Mount Aspiring College, to be funded from a combination of Ministry baseline and roll growth allocation;
- 5 **approved** an upper limit budget of [REDACTED] for complex growth and condition works at Northcote College, to be funded from a combination of Ministry baseline and roll growth allocation;
- 6 **approved** an upper limit budget of [REDACTED] for complex condition works at Spotswood College, to be funded from Ministry baseline;
- 7 **approved** an upper limit budget of [REDACTED] to rebuild Twizel Area School, to be funded from Ministry baseline;
- 8 **approved** an upper limit budget of [REDACTED] for complex condition works at Taita College, to be funded from Ministry baseline;
- 9 **noted** that the upper limit budgets in paragraphs 4 to 8 above include programme contingency to manage risk, and will not be included when individual projects are announced;

- 10 **authorised** the Secretary of Education to sign construction contracts on behalf of the Ministry for the projects approved in paragraphs 4 to 8 above;
- 11 **authorised** the Minister of Education and the Minister of Finance to confirm the pipeline and the budgets for remaining National School Redevelopment Programme projects, where they exceed \$35 million and are funded from Ministry baseline and/or existing roll growth allocations;
- 12 **noted** that restrictions on workplaces introduced in response to COVID-19 may impact the delivery of the above programme;
- 13 **noted** the Ministry of Education will work closely with disabled people including their representative organisations, the family whanau of disabled children/young people, and the wider disability community to progress this work programme and optimise the educational and social wellbeing outcomes for children/young people with disabilities as the programme is implemented;

Christchurch Schools Rebuild Programme

- 14 **noted** that in 2013, Cabinet approved a \$1.137 billion Christchurch Schools Rebuild Programme (the programme) to address school infrastructure after the 2011 Christchurch Earthquakes, to be funded from Ministry of Education baselines, insurance proceeds and capital injections [CAB Min (13) 39/6A];
- 15 **noted** that the original programme budget did not include adjustments for escalation or inflation, as it was intended that a midpoint review would identify deficiencies and adjust project budgets as necessary;
- 16 **noted** that independent consultants conducted this midpoint review in 2018, and agree that the programme requires an additional \$206 million to deliver the complete programme;
- 17 **noted** that the programme will require s 9(2)(j) in additional capital injection, to be met through a combination of existing roll growth allocation, and through future Budgets, with the remaining \$44 million to be met through Ministry baseline;
- 18 **approved** of additional funding for the redevelopment of Cashmere High School, funded from Ministry baseline;
- 19 **approved** of additional funding for the redevelopment of Linwood High School to be funded from the mid-point review adjusted CSR programme;
- 20 **approved** of additional funding for the redevelopment of Burnside Primary / Cobham Intermediate to be funded from the mid-point review adjusted CSR programme;
- 21 **approved** of additional funding for the redevelopment of Burnside High to be funded from the mid-point review adjusted CSR programme;
- 22 **approved** of additional funding for the redevelopment of Papanui High to be funded from the mid-point review adjusted CSR programme;
- 23 **authorised** the Secretary for Education to sign construction contracts on behalf of the Ministry for the projects approved in paragraphs 18 to 22 above;
- 24 **authorised** the Minister of Education and the Minister of Finance to approve any future project budget changes over \$35 million, where these can be met from the existing Christchurch Schools Rebuild programme envelope;

Legacy Redevelopment Programme

- 25 **authorised** the Minister of Education and the Minister of Finance to have budget approval for projects over \$35 million (including Christchurch Schools Rebuild projects), to be funded from Ministry baseline and/or existing roll growth allocations;

10-Year School Property Programme

- 26 **noted** that the Budget 19 programme delivery plan attached to the paper under SWC-20-SUB-0026 outlines where the programme will expand capacity at schools across New Zealand to deliver the National Education Growth Plan.

Michael Webster
Secretary of the Cabinet

Secretary's Note: This minute replaces SWC-20-MIN-0026. Cabinet added a new paragraph 13.
