



Education Report: Update of the Budget 21 announcements for Shovel Ready initiative and Short-Term Roll Growth Programme

To:	Hon Chris Hipkins Minister of Education		
Date:	29 November 2021	Priority:	Medium
Security Level:	In Confidence	METIS No:	1276475
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Purpose of Report

The purpose of this paper is to provide you with an update on the progress of the Budget 21 announcements for the Shovel-Ready initiative and Short-Term Roll Growth (STRG) programme.

This paper:

- Updates you on the first round of announcements for the Shovel-Ready initiative and STRG programme, which were interrupted by COVID-19;
- Informs you of the second round of Shovel-Ready projects, 9(2)(f)(iv)
- Presents options for you to announce the Budget 21 initiatives as this may look different due to current COVID-19 restrictions: and
- Includes a draft press release.

It is important to note that there are additional Shovel-Ready projects to be announced, however no new STRG funding announcements, as all STRG projects were scheduled in the first round of announcements.

We will continue to work with your office to coordinate and support an announcement schedule in the coming months.

Summary

- 1 Budget 21 (B21) allocated \$150 million to the Shovel-Ready initiative to top-up the existing budgets of property projects. 9(2)(f)(iv)
To maximise these projects, we have also incorporated an additional \$10 million of baseline funding, taking the total spend to \$160 million.
- 2 B21 also allocated \$100 million to the STRG programme, to fund around 3000 additional student places at schools across New Zealand.

Round One Shovel-Ready and STRG announcements interrupted due to COVID-19

3 In July and August of this year you and other Ministers participated in a New Zealand wide announcement roadshow, announcing the schools benefiting from the first round of the Shovel-Ready initiative and the STRG programme. Eight school visits across different regions were scheduled. However, due to COVID-19 restrictions, visits to three regions were postponed, to be rescheduled on a later date.

4 During the roadshow you made an additional school visit to Mount Aspiring College, to see progress on a project funded through a previous budget.

5 9(2)(f)(iv)

9(2)(f)(iv)

6 Due to ongoing COVID-19 restrictions, and the speed of delivery, it may not be possible to reschedule the roadshow visits before projects are underway. Particularly for the STRG classrooms which are likely to be delivered before Christmas. Note, one STRG project has already been delivered. Therefore, it is important to make any announcement scheduling decisions promptly. We are also reaching the end of the school year, where it can be difficult for schools to accommodate visits due to exams, school camps and other events.

Shovel-Ready Round Two Projects

7 Shovel-Ready funding was allocated in two rounds. This allowed funding to be released quickly to projects in the first round.

8 The first round allocated \$80m of the \$150m allocation to 25 schools.

9 9(2)(f)(iv)

10 Now that the list of schools benefiting from the second round is finalised, the projects are ready to be announced.

Announcement Options

11 The options to announce the remaining round one projects, and round two of the Shovel-Ready projects are:

Option	Announcement type	Tick preferred option
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Option a.	Announce the remaining first round of STRG and Shovel-Ready projects this year and following this, announce the second round of Shovel-Ready projects	
	i) Announce via a press release	
	ii) Announce in person, where possible under current COVID-19 restrictions	
Option b.	Separate the programmes and announce the STRG projects before the end of 2021 and announce all the remaining Shovel-Ready projects at the beginning of 2022	
	i) Announce via a press release <i>[Ministry recommended]</i>	
	ii) Announce in person, where possible under current COVID-19 restrictions	
Option c.	Not announce the projects – the Ministry will inform schools' Boards of Trustees, who can manage the announcement to the wider community	

- 12 The Ministry recommends separating the programmes and announcing the STRG projects before the end of 2021, via press release, and announcing all remaining Shovel-Ready projects at the beginning of 2022.
- 13 Announcing the STRG projects via press release means the announcements can be made quickly, which is important as delivery of the STRG classrooms is already underway. It is also important to note that we are entering the final term of the school year, and it can be difficult to schedule visits at this time, particularly at secondary schools.
- 14 Rescheduling the announcement for all the Shovel-Ready projects for next year is the recommended option as it provides more opportunity to announce the projects in person. It also adds greater certainty that a school visit will go ahead, mitigating the risk of updated COVID-19 related cancellations.
- 15 Announcing all the Shovel-Ready projects together next year also presents the opportunity to announce more projects at once, delivering greater news to communities and reducing confusion where some schools in a region are announced ahead of others.
- 16 While an in-person visit to announce the remaining first round of Budget 21 announcement is currently possible under current COVID-19 restrictions in Otago/Southland and Bay of Plenty/Wairariki, we note there may be concerns from some schools and communities about having visitors on school grounds. Additionally, current COVID-19 restrictions mean you cannot visit Auckland in person, which is a region that remains in the round one announcement list.
- 17 Based on your chosen approach, we will work with your office to coordinate and support an announcement schedule in the coming months.

School Attitudes Due to Covid-19

- 18 Covid-19 has caused some delays in the delivery of projects, due to the lockdowns and ongoing border restrictions interfering with suppliers' ability to deliver. Some schools may be concerned about the impact of these restrictions on the delivery of their projects. Ministry staff are working with schools to update them on project delivery and provide support throughout their project.

Recommended Actions

The Ministry of Education recommends you:

- a. **Note** that majority of the Budget 21 initiative projects for the first round of the Shovel-Ready initiative and the STRG programme have been announced, however some of the announcements were interrupted due to COVID-19.

Noted

- b. **Agree** to announce the remaining projects in the Budget 21 initiatives, following your preferred announcement option:

Option	Announcement type	Tick preferred option
Option a.	Announce the remaining first round of STRG and Shovel-Ready projects this year and following this, announce the second round of Shovel-Ready projects	
	iii) Announce via a press release	
	iv) Announce in person, where possible under current COVID-19 restrictions	
Option b.	Separate the programmes and announce the STRG projects before the end of 2021 and announce all the remaining Shovel-Ready projects at the beginning of 2022	
	iii) Announce via a press release [Ministry recommended]	✓
	iv) Announce in person, where possible under current COVID-19 restrictions	
Option c.	Not announce the projects – the Ministry will inform schools' Boards of Trustees, who can manage the announcement to the wider community	

- c. **Note** that to mitigate any potential delays, the Ministry will progress with project delivery, and will inform schools of their project if no announcements are commissioned by your office.

Noted

- d. **Note** that the Ministry recommends project budget announcements be made at a programme level and individual project budgets be withheld.

Noted

- e. **Direct** officials to work with your office to coordinate and support announcements in the coming months.

Agree/Disagree

- f. **Not release** this education report at this time because it contains commercially sensitive budget information that may prejudice the Ministry's ability to negotiate commercially.

Release/Not Release



Scott Evans
Hautū Te Puna Hanganga, Matihiko

29/11/2021



Hon Chris Hipkins
Minister of Education

7/12/2021

Background

Shovel-Ready School Property Projects

- 1 As part of Budget 21, the Ministry received \$150 million to add to existing shovel-ready projects so that they could progress quickly to construction, or where a project was already underway, be completed within the next 24 months.
- 2 Shovel-Ready projects were identified and qualified using one or more of the following criteria:

Key Driver for Shovel-Ready Status	
<i>New projects brought forward</i>	New projects from our pipeline, where design was complete or near completion. The shovel-ready funding will bring these forward to enter construction sooner.
<i>Scope</i>	Project is now delivering additional scope beyond what was originally planned for.
<i>Risk</i>	Shovel-ready funding will address project risk, which may already have materialised (where projects are already underway) or may allow a contingency that enables the project to progress.
<i>Price</i>	Cost escalation or market driven factors where tenders for some projects are higher than what was originally budgeted.

- 3 The first round comprised of 25 projects, allocating around \$80 million of the \$150 million allocation.

STRG programme

- 4 Budget 21 allocated \$100 million to the STRG programme, delivering 136 STRG classrooms to 51 schools by Term One, 2022.
- 5 On 27 May 2021 we provided your office with a list of the first round of 25 schools to benefit from the Shovel-Ready funding and all schools benefiting from the STRG programme, METIS no. 1261287.

Shovel Ready and STRG Programme Announcements Round One

- 6 The following is a summary of the Shovel-Ready and STRG projects announced on the school roadshow in July and August:

Region	Announcement Location	Date	Announcement Summary
Te Tai Tokerau	Ruākaka School	26 July 2021	<ul style="list-style-type: none">• Over \$6.5m shovel-ready funding for 1 school• Over \$4m for seven STRG classrooms at four schools, adding 154 student places.
West Coast/ Tasman/Canterbury	Hillmorton High School	28 July 2021	<ul style="list-style-type: none">• Over \$16m shovel-ready funding for 4 schools• Over \$5.5m for 17 STRG classrooms at six schools, adding 176 student places.
Hawkes Bay/ Tairāwhiti	Napier Boys High School	29 July 2021	<ul style="list-style-type: none">• Over \$16m shovel-ready funding for 5 schools• \$0.5m for one STRG classroom at one school, adding 22 student places

Wellington/Manawatū-Whanganui/Taranaki	Cannons Creek School	5 August 2021	<ul style="list-style-type: none"> • \$10m shovel-ready funding for 6 schools • Over \$14m for 25 STRG classrooms at 10 schools, adding 550 student places.
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7 9(2)(f)(iv)

9(2)(f)(iv)

- 8 A list of all the schools receiving Shovel-Ready and STRG through Budget 21 are included in Annex 1.

Updated Delivery Status

- 9 Since our previous announcement advice, at some projects the delivery solutions have changed, such as schools opting to reconfigure their existing spaces instead. As a result, we have removed three schools from the announcement schedule to prevent confusion, as those schools will also not be receiving a rapid modular solution.
- 10 Due to the impact of Covid-19 on announcements, some of the schools are already aware of the projects at their schools, and there is one school where the STRG classrooms have already been delivered. A summary of this is provided in Annex 1. However, there is still value in announcing the projects to the wider community, to put the projects on public record.

Shovel-Ready Round Two Projects

- 11 9(2)(a) To maximise the number of Shovel-Ready projects that can be delivered, we have incorporated an additional \$10 million of baseline funding, which means the initiative now represents a total spend of \$160 million.

- 12 9(2)(f)(iv) This list includes all projects, project budgets and Shovel-Ready allocation.

- 13 9(2)(f)(iv)

9(2)(f)(iv)

- 14 There are no additional STRG projects to be announced in round two. All the schools benefiting from this programme are included in round one of the announcements.
- 15 The original intention was that the Shovel-Ready round two projects would be announced as a second wave of announcements. However due to the COVID-19 interruption of round one of announcements, there is now the opportunity combine the announcement of the remaining round one projects, with the Shovel-Ready round two projects.
- 16 Due to the commercial sensitivity of allocating funding to projects, we recommend that budgets be announced at a programme level, rather than announce the project level budget. Further, the announcements will focus on what will be delivered at each school, retaining individual budgets to allow the Ministry to negotiate commercially.

Annexes

- Annex 1: Shovel-Ready Initiative and Short-Term Roll Growth Announcements Round One
- Annex 2: 9(2)(f)(iv)