



## Education Report: School Investment Package Close-out Strategy

<b>To:</b>	Hon. Chris Hipkins, Minister of Education		
<b>Date:</b>	27 October 2021	<b>Priority:</b>	High
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1273724
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### Purpose of Report

The School Investment Package (SIP Programme) was announced by yourself and the Prime Minister in 2019 to provide upgrade funding to around 2,050 state schools, to be spent within 24 months.

This paper outlines our plan to complete the programme and seeks your direction on options to successfully close-out the SIP programme.

### Summary

- 1 As at 31 August 2021, a total of 4,172 projects at eligible schools have been approved, worth a total of \$390 million.
- 2 We reached 93% of our August 2021 spend target with \$224.62m spent, and the programme is performing well.
- 3 In July 2021, we advised you that, due to COVID-19 related lockdowns and delivery delays, the original deadline of December 2021 would need to be extended (METIS1265440 refers). At that time we recommended extending the deadline by six months to 30 June 2022.
- 4 You agreed an extension was required, however you advised a three-month extension was more appropriate. You approved 31 March 2022 as the new completion deadline.
- 5 Shortly after you approved the deadline, New Zealand returned to a COVID-19 level four lockdown. All regions were affected, but particularly Auckland, and subsequent level changes in other regions have created further disruption and delays that could not have been foreseen when you approved the 31 March 2022 extension.
- 6 Considering the recent, and ongoing, COVID-19 restrictions in many parts of New Zealand, this report seeks your agreement to a revised deadline.

- 7 We believe a deadline for all projects to be in delivery by 30 June 2022 will give the programme the best chance to achieve its objective of delivering improved learning environments for schools. It also reduces the burden on school Boards of Trustees and Principals at a time when they are balancing the competing pressures of lockdowns and changing COVID-19 restrictions.

Proactively Released

## Recommended Actions

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The Ministry of Education recommends you:

- a. **note** since previous School Investment Package deadline advice, further COVID-19 restrictions have impacted schools' ability to deliver and complete their projects.

**Noted**

- b. **agree** to the revised School Investment Package deadline, of all projects being in delivery or complete by 30 June 2022.

**Agree / Disagree**

- c. **note** we will continue to report on the SIP programme weekly in the EWU and provide monthly dashboards.

**Noted**

- d. **Proactively release** this education report in part, as it contains some fiscal information that is commercially sensitive.

**Release / Not Release**



Scott Evans  
Te Puna Hunanganga, Mathiko  
Deputy Secretary of Infrastructure & Digital

02/11/2021



Hon Chris Hipkins  
Minister of Education

19 / 11 / 21

## Background

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### *Latest Reporting*

- 8 At the end of August 2021, a total of 4,172 SIP projects at all eligible schools, worth \$390m have been approved. Additionally, the SIP programme is performing against our spend targets.

### *Previous Advice*

- 9 In July 2021 we reported that there was a requirement to extend the SIP completion deadline from 01 December 2021 to 30 June 2022.
- 10 This requirement was due to; schools being unable to prioritise planning and delivery of their SIP projects for the first six months of 2020, COVID-19 pressures resulting in unprecedented price increases and a shortage of resources, and the post COVID-19 construction boom causing consenting delays in Territorial Authorities (TAs).
- 11 In July 2021, you agreed an extension was required, however approved a 31 March 2022 SIP completion deadline in place of the proposed 30 June 2022 deadline.

### *Current context and forecasts*

- 12 Current forecasts estimate that 4,124 SIP projects worth \$378.5 million will be completed or in delivery as of 31 March 2022. This leaves 92 projects worth \$13.5 million yet to enter the delivery phase and \$6 million unallocated to projects.
- 13 Since the advice you received in July 2021, COVID-19 challenges have been heightened by New Zealand spending around one month in lockdown Alert Level 3 or 4, and Auckland spending over 2 months in lockdown Alert Level 3 or 4. Other regions have also returned to Level 3 restrictions for periods of time as required.
- 14 Considering the most recent COVID-19 regulations, this report seeks your agreement to a revised SIP deadline. We believe a deadline for all projects to be in delivery by 30 June 2022 will give the programme the best chance to achieve its objectives, and minimise the burden on school Boards and Principals.
- 15 If you do not agree to revised deadline, we will continue with the 31 March 2022 completion deadline. Any projects that are not in delivery by this date will be declined or cancelled. Unspent funding would be returned to the Crown.
- 16 If you agree to the extension, we anticipate all SIP projects will be in delivery or complete by 30 June 2022.
- 17 We will continue to update you on SIP delivery and spend progress through EWU and monthly dashboard reporting.
- 18 We note that up to 20 projects will be classified as in delivery but may be waiting for a larger staged project to commence or waiting for materials to arrive on site. To support this, SIP funds may need to be drawn down beyond this financial year through the March baseline update process. We will provide you with an updated assessment on any projects in this situation closer to the deadline.