



MEMO

To:	Scott Evans, Deputy Head of Infrastructure Delivery
From:	Brian Mitchell, Group Manager Infrastructure Advisory Service
Date:	23 December 2020
Subject:	Approval of a project over \$3m for Hutt Valley High School (#261)

Purpose

1. The purpose of this memo for you to:
 - a. **approve** the increase to the total project budget of Hutt Valley High School's (HVHS) project #204282 from \$2.03 million to \$3.83 million as follows:

Cost Centre	Year	Classification	Status	Total
5YA	2015/16	5YA Programme	Existing budget	\$629,143.50
OO_OPEX	2016/17	Risk Management	Existing budget	\$500,000.00
RM_CAPITAL	2016/17	Risk Management	Existing budget	\$900,000.00
				<u>\$2,029,143.50</u>
5YA	2020/21	5YA Programme	Budget to be added	\$1,800,000.00
				<u>\$3,829,143.50</u>

- b. **note** that all the budgets proposed to be used for this project have been approved by the relevant delegated financial authority, in accordance with the policies for the funding programme;
 - c. **note** that the contingency allocation for the project may be insufficient and therefore there is a risk that additional funds may be required should construction issues arise; and
 - d. **note** the steps being taken to mitigate the financial risk to the project.

Background & Justification

2. In late 2016 HVHS had a fire in part of its technology space and lost three specialist teaching spaces. While initial demolition and repair was underway, interim tech provisions were put in place within existing buildings and the school undertook consultation and assessment of its delivery of the technology curriculum.
3. The initial demolition and repair work were completed in mid-2019. The outcome of the school's assessment and planning was to drop the provision of food technology from the curriculum and to reconfigure and refurbish the existing block W (B1 Hard Tech) building. This would result in the creation of three technology teaching spaces in place of two and improve storage within the existing building footprint.

4. The project is being managed by the Ministry and is funded from authorised Risk Management of \$1,400,000 and 2015/16 5YA of \$629,143.50. The school is proposing to contribute their 2020 5YA of \$1,800,000. The \$1,800,000 5YA contribution is on the approved 2020 10YPP. The proposed solution has completed the design phase and been tendered.
5. The authorised funding totals \$2,029,143.50. The 2020 5YA contribution will provide a new total combined budget of \$3,829,143.50. A successful tender has been procured and the cost to complete the project is within the proposed total new project budget.
6. The total contingency for the project is **s 9(2)(j) OIA** of the expected remaining project costs. This is lower than the standard contingency figure of **s 9(2)(j) OIA** however after considering multiple options to source additional funding for the school, there is no additional funding that the school can currently access.
7. The low level of contingency may be insufficient and therefore there is a risk that additional funds may be required should construction issues arise. To address this, the building contractor will work closely with the Ministry's project Quantity Surveyor to ensure the project stays within the allocated budget.


Recommendation

8. It is recommended that you:
 - a. **note** that all the budgets proposed to be used for this project have been approved by the relevant delegated financial authority in accordance with the policies for the funding programme;
 - b. **note** that the contingency allocation for the project may be insufficient and therefore there is a risk that additional funds may be required should construction issues arise;
 - c. **note** that the building contractor will work closely with the Ministry's project Quantity Surveyor to ensure the project stays within the allocated budget; and
 - d. **approve** the increase to the total project budget of Hutt Valley High School's (HVHS) project #204282 from \$2.03 million to \$3.83 million.

Endorsement

Name	Endorsed	Comment
Brian Mitchell, Group Manager Infrastructure Advisory Service	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Lucy Ross, Regional Infrastructure Manager	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	

Approval

Name	Approved	Comment
for Scott Evans, Deputy Head of Infrastructure Delivery	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	No further budget increases will be considered - any unforeseen variations will have to be managed within contingency sum or scope reduced.
 Brian Mitchell Acting Associate Deputy Secretary Property Delivery 5 January 2021		