



Education Report: Co-location of Marlborough Boys and Girls Colleges

To:	Hon Chris Hipkins Minister of Education		
Date:	20 February 2018	Priority:	Medium
Security Level:	Budget sensitive	METIS No:	1102077
Key contact and number:	Sharyn Pilbrow Group Manager – Strategy and Policy [Redacted] s 9(2)(a) OIA Kate Styles National Director – Education Access [Redacted] s 9(2)(a) OIA	Round robin:	No
Messaging seen by Communications team:	No		

Purpose of report

- 1 The purpose of this paper is to seek your direction regarding the co-location of Marlborough Boys' College and Marlborough Girls' College.
- 2 We are seeking a decision on whether to:
 - o prepare papers for Cabinet to approve additional baseline expenditure; or
 - o review the business case options, including any other feasible options, and confirm whether co-locating Marlborough Girls' and Marlborough Boys' onto one site (either a new site or the existing Girls' College site) is still the preferred option.

Summary

- 3 Following community consultation on the future of secondary schooling in Marlborough, in October 2015, Cabinet approved the Ministry spending \$63.5 million from baseline funding to co-locate Marlborough Boys' and Girls' Colleges on a single site.
- 4 Finding a suitable site has been a challenge due to the limited availability of large vacant sites central to Blenheim. On 25 January 2018, the owners of the Marlborough Racecourse (the preferred site for the new schools) informed us of their decision to withdraw from negotiations.
- 5 Furthermore, given changes to market conditions since 2014 (which were the basis for our initial costings), and our recent experience of the cost of co-locating Avonside Girls' and Shirley Boys' High Schools in Christchurch, we now estimate that \$40 million of additional baseline expenditure would be required. This would increase the total cost of co-locating Marlborough Girls' and Marlborough Boys' to approximately \$103 million.

- 6 Given the cost increase, coupled with the difficulty in securing a suitable site, we could either:
- o continue to acquire another site for the co-location and prepare a Cabinet paper that requests approval for the additional expenditure required; or
 - o undertake a review of the original business case options, including any other feasible options, and confirm whether co-locating the schools onto one site (either a new site or the existing Girls' College site) is still the preferred option.

Recommended Actions

7 The Ministry of Education recommends you:

- a. **note** that the preferred site for both new schools has been withdrawn from the market;

NOTED

- b. **note** that we would require up to \$40 million in additional baseline funding to co-locate Marlborough Boys' and College Marlborough Girls' College on a new site that would be drawn from Ministry baseline funding;

NOTED

- c. **note** that this cost excludes the cost of purchasing a new site for both schools, which the Ministry would fund through its balance sheet and seek to have appropriated retrospectively through the Budget process;

NOTED

- d. **note** that both schools are aware that the preferred site has been withdrawn but still support co-location;

NOTED

- e. **agree** that the Ministry of Education EITHER:

- o continue as per Cabinet's 2015 decision and prepare a paper to seek Cabinet approval to spend an additional \$40 million of existing Ministry baseline funding to co-locate Marlborough Boys' and Girls' College on a new site;

YES/NO


OR


- o update the business case options, including any other feasible options, confirm whether co-location (either on a new site or the existing Girls' College site) is still the preferred option, and report back to you; and

YES/NO

- f. **agree** that this Education Report is not proactively released at this time because its content is subject to Ministerial and Cabinet decision-making.

Release/Not release


 Kim Shannon
 Head of Education
 Infrastructure Service
 19/12/18


 Katrina Casey
 Deputy Secretary
 Sector Enablement & Support
 20/12/18


 Hon Chris Hipkins
 Minister of Education
 26/12/18

Background

- 8 Marlborough Girls' College and Marlborough Boys' College are in poor physical condition and need significant investment to bring them up to standard. Neither school has a technology block, so at present students travel to the Nelson Marlborough Institute of Technology (NMIT) in Blenheim for technology tuition.
- 9 Given the level of investment needed to address their existing property issues, both College Boards of Trustees took the opportunity to consult with their communities about the future of secondary schooling in the area. The feedback received favoured an option to co-locate both Colleges on a single site (63.5% of respondents to formal consultation supported this approach; see attached report from independent facilitator).
- 10 Both Boards supported this option because sharing facilities, resources, and classes, and the closer proximity to the local tertiary provider, would increase collaboration, learning opportunities, and support smoother transitions into tertiary education.
- 11 In 2015, we prepared a business case setting out the following options:
 - i. **Option one: remediate** – \$16.9 million in capital, will address the schools' weather-tightness and structural issues, and maintain current capacity levels – meeting current and projected capacity needs.
 - ii. **Option two: remediate with core Innovative Learning Environments (ILE)** – \$33.3 million will address the schools' condition issues and capacity needs, while providing some modernisation to an ILE.
 - iii. **Option three: remediate with advanced ILE upgrade** – \$48.68 million will address the schools' condition issues and capacity needs, while providing modernisation in the form of a full ILE.
 - iv. **Option four: rebuild and co-locate** – \$63.16 million will provide new facilities for both schools, including some shared facilities, and provide opportunity to be better connected to each other and the local tertiary provider.
- 12 The business case process recommended Option Three (remediate with advanced ILE upgrade). However, co-location was preferred by the Boards and the community as it would allow enhanced collaboration, which is considered to be a lever to raise achievement in both Colleges. Both Colleges are part of the Community of Learning | Kāhui Ako which includes all Blenheim schools.
- 13 The Treasury did not support relocating the two schools on a single site and commented that "This results in a \$30 million higher capital cost than the option to redevelop existing sites, which appears to be better value for money. The Treasury recommends that further options analysis be undertaken and factored into the next bundle of major redevelopments in the investment pipeline."
- 14 In October 2015 Cabinet approved the Ministry spending \$63.5 million on co-locating Marlborough Boys' and Girls' Colleges to a single site near the local tertiary institution, to establish collaboration and extended educational opportunities that support improved learning outcomes. No new money was appropriated because redevelopments are funded from Ministry baseline funding, however, Cabinet approval was required because the expenditure exceeds \$25 million.
- 15 No start date was indicated in the Cabinet paper because this was subject to identifying and acquiring a suitable site on which the schools could be co-located. We identified the Marlborough Racecourse land as the preferred site for both schools, however, at 31 hectares, the site is approximately double the size of the 15 hectares required for the two schools. The owners have been reluctant to sell part of the site because this would not provide sufficient proceeds for them to relocate to another site.
- 16 Discussions continued with the Racecourse owners, potential developers, and the Marlborough District Council, to explore various ownership options for the racecourse land, however, on 25

January 2018 the owners wrote to us informing us they had withdrawn from all negotiations and that the racecourse was no longer for sale.

- 17 Even if we were to use the Public Works Act and take the land compulsorily, as the owners are not willing sellers, the Ministry would have to pay for the racecourse to be reinstated elsewhere. This would more than double the cost and introduce additional time risk to the project.
- 18 In addition to this, our recent experience co-locating Avonside Girls' and Shirley Boys' High Schools on QEII Park in Christchurch suggests the cost of co-locating Marlborough Girls' and Marlborough Boys' on a new site will be \$103 million, up to \$40 million more than the amount Cabinet approved in 2015. The basis for the cost differential is as follows:
 - site specific costs based on a greenfield development, including: topsoil removal, cut and fill, retaining walls, sports fields drainage, storm water, transformers, and road widening;
 - cost escalation to account for increases in materials, and labour costs increasing at a rate higher than the inflation models;
 - professional fees, which were omitted from the previous raw construction estimate;
 - costs to increase the size of the gymnasium and library to meet the requirements of the school's final roll. In the initial estimate the size and cost of these facilities was based on the school's roll at the time of the new build, as opposed to the final roll which incorporates future growth.
- 19 It should be noted that this cost excludes the cost of purchasing a new site for both schools. Due to the complexities associated with purchasing land, the Ministry and Treasury have agreed that the Ministry can purchase new sites from its balance sheet and seek to have this expenditure appropriated retrospectively through the Budget process.

Key risks and benefits

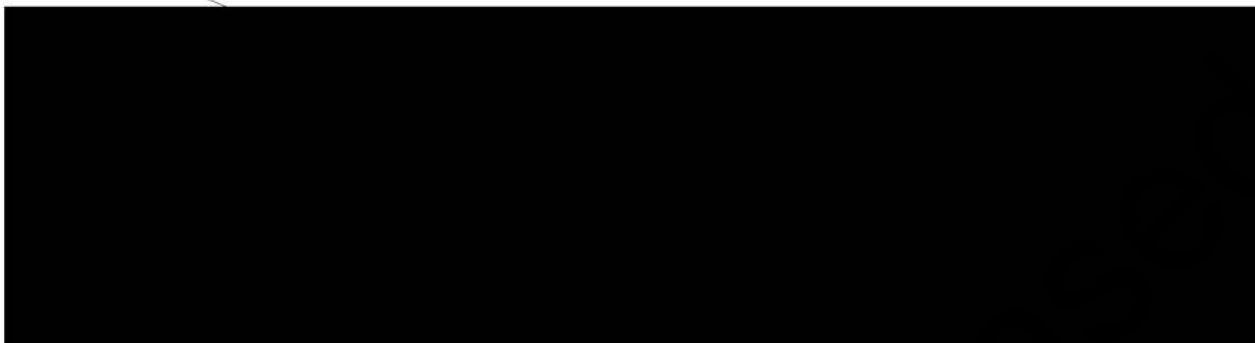
Benefits of co-locating Marlborough Girls' and Marlborough Boys' Colleges on one site

- 20 The business case developed in 2015 listed the following benefits of co-locating Marlborough Girls' College and Marlborough Boys' College on a new site:
 - new infrastructure for both Colleges resolves infrastructure issues and provides a long-term viable investment
 - the provision of shared facilities, (administration, library etc.), removing the need for duplicate buildings
 - enhanced collaboration between the schools to support improved student achievement
 - close proximity to the tertiary provider, or the ability of the tertiary provider to provide facilities on site near the schools, will strengthen secondary-tertiary partnerships and pathways from compulsory education into further education, employment or training
 - more opportunities to provide tailored academic and pastoral support for Māori and Pasifika students due to there being a larger cohort on the same site, noting these groups are performing below their NZ European and Asian counterparts in NCEA achievement
 - an opportunity to share specialist facilities across a whole of Community of Learning as primary schools could utilise specialist resources at the shared site
 - future-proofing for population growth (which is projected out to 2025 and then the population is projected to slightly decline)
 - enhanced economic activity in Blenheim through the development of the new site

- recognition of both Boards' initiative to collaborate and develop innovative approaches to property developments that will achieve better student outcomes through the Community of Learning | Kāhui Ako

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- meets the community's expectations for co-location.



Site acquisition risk

- 23 Late last month the owners of the Marlborough Racecourse (our preferred site for the new schools) withdrew from negotiations. While we have identified alternative sites, finding a suitable site has been a challenge due to the limited availability of large vacant sites central to Blenheim.

Educational risk

- 24 The co-location aimed to strengthen secondary education in Blenheim. Staff in the Colleges have had opportunities to undertake professional development in preparation to work in modern learning environments and in collaborative teaching methods. Should the co-location not proceed there is a risk that much of the preparation for this change will be lost and teachers do not take up the new teaching practices.

Next steps

- 25 We consider there are two ways we could proceed. The first is to commence negotiations on another site and move forward with preparing a Cabinet paper seeking approval for the additional expenditure. If this is the preferred approach we would seek to incorporate the financial approval as part of our papers for Budget 2018.
- 26 Alternatively, given that no other commitments have been entered into, there is still an opportunity to review the business case options and confirm that co-locating the schools on a new site is still the preferred option.
- 27 Other options that could be considered are co-locating the schools on one of the existing sites or redeveloping each school on its current site. If either of these were to happen we would need to rework the business case options and confirm the preferred option. As preparation within the Colleges is underway for the co-location we would need to manage the change with the Boards and work with them to inform the community.
- 28 Following your decision, the Ministry will either proceed with preparing a Cabinet paper seeking approval for the additional expenditure; or commence a review of the business case in order to confirm that co-locating Marlborough Girls' and Marlborough Boys' onto one site (either a new site or existing site) is still the preferred option, and prepare it for presentation to Cabinet.

Proactive Release

- 29 We recommend that this Education Report is not proactively released as part of the next publication as its content is subject to Ministerial and Cabinet decision-making.