



07 MAY 2018

John McIntyre
fyi-request-7566-50948a63@requests.fyi.org.nz

Dear John

Thank you for your 6 April 2018 request to the Ministry of Education seeking the following information:

“a copy of the modular building review report completed in early 2017”.

Your request has been considered under the Official Information Act 1982 (the Act).

I have considered your request for the document: *Ministry of Education Modular Building Programme – Programme Review*, and I am releasing this document to you in part, withholding some information under section 9(2)(j) of the Act:

- *to enable a Minister of the Crown or any department or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).*

The document you have requested is a review of the performance of an incumbent supplier, and will inform ongoing contract management and commercial negotiations with that supplier. Releasing some of the material in this document to you at this time could undermine our ability to effectively undertake those contract management activities and commercial negotiations.

In addition, some names have been withheld under section 9(2)(a) of the Act to *protect the privacy of natural persons*.

Please note that as the document was written in 2016, some of the information is out of date.

Thank you again for your email. If you have any further questions about this issue, please feel free to contact the Ministry's Official and Parliamentary Information Manager, Lorraine Monahan at Lorraine.Monahan@education.govt.nz.

If you are still unsatisfied with my response, you have the right to ask an Ombudsman to review it. Under section 28(3) of the Act, you have the right to refer this response to an Ombudsman. You can do this by writing to info@ombudsman.parliament.govt.nz.

Yours sincerely



Kim Shannon
Head of Education Infrastructure Service

**Ministry of Education
Modular Building Programme**

Programme Review

CONFIDENTIAL

December 2016

Information withheld under section 9(2)(j) of the Act unless
otherwise noted

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Ministry of Education Modular Building Programme Review

Contents

1.0	Introduction	1
1.1	TBIG Role	1
1.2	Purpose.....	1
2.0	Process	1
3.0	Findings	2
3.1	[REDACTED]	2
3.2	[REDACTED]	3
3.3	[REDACTED]	3
3.4	[REDACTED]	4
4.0	Recommendations	4
4.1	[REDACTED]	4
4.2	[REDACTED]	4
4.3	[REDACTED]	4
4.4	[REDACTED]	5
4.5	[REDACTED]	5
4.6	[REDACTED]	5
5.0	Next steps	5

Appendix A: Terms of Reference

Appendix B: [REDACTED]

1.0 Introduction

1.1 TBIG Role

The Building Intelligence Group (TBIG) was approached by the Ministry of Education (Ministry) to complete a high level review of the Modular Building programme based on the Terms of Reference prepared by the Ministry dated October – December 2016 and develop recommendations to improve the delivery of this accommodation solution.

Due to time constraints, TBIG's review predominantly focused on roles and responsibilities of those involved in the Modular Building (MB) programme along with the steps required from conception to completion of an MB including design through construction to onsite installation.

1.2 Purpose

The purpose of this short review is to:

1. Ensure that roles and responsibilities of people and teams involved in this work are clear;
2. Establish what is working well from a process/functional standpoint and determine if there are any areas in need of greater support;
3. Based on organisational design principles, make recommendations about where the Modular Building function should sit within EIS;
4. Consider whether or not the current approach and product is delivering the best service and fit for purpose solution to meet the Ministry's school accommodation needs;
5. [REDACTED]
6. [REDACTED]

As noted above, due to time constraints our review was limited to consideration of items 1 to 4 above.

2.0 Process

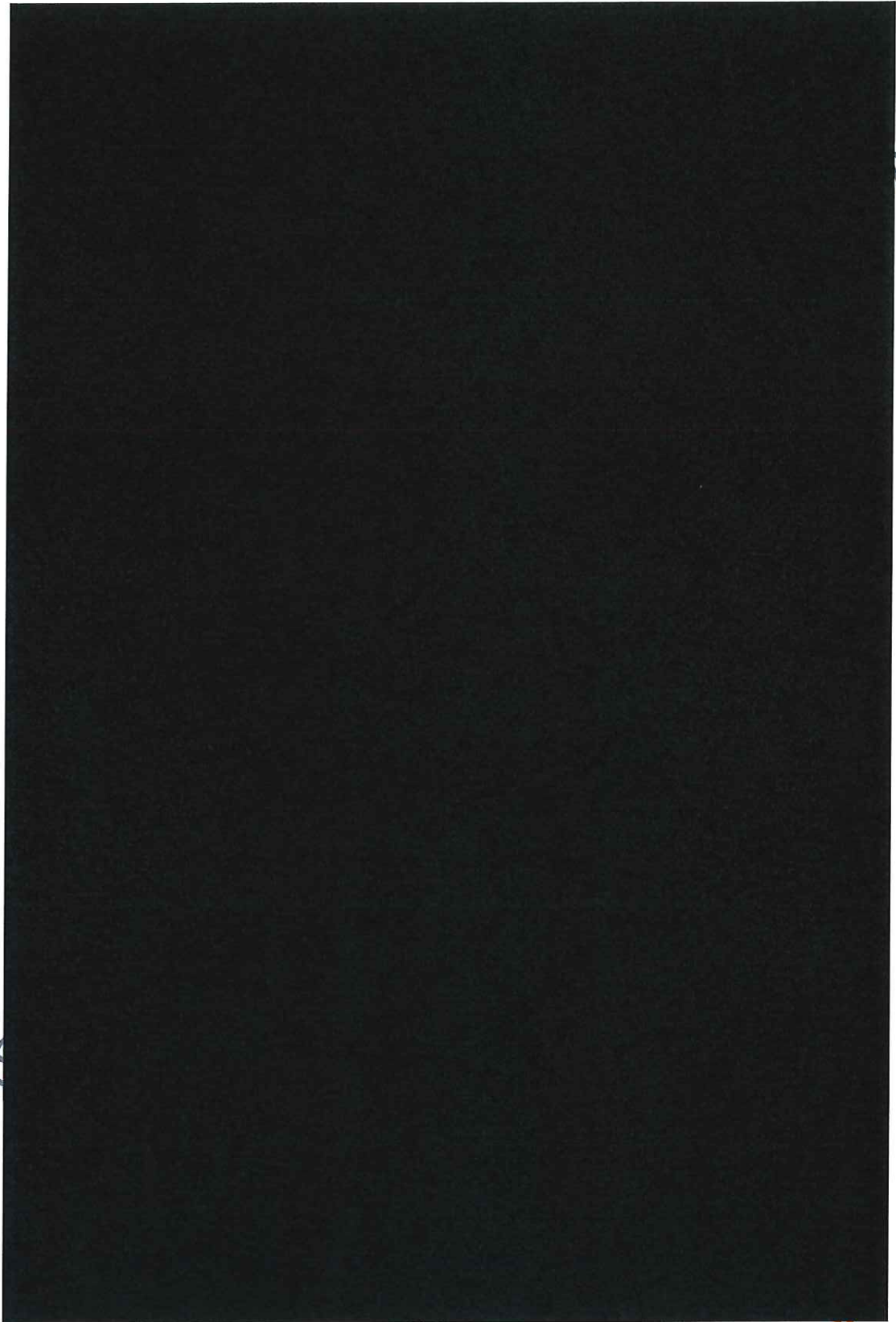
Tess Browne and Jillian Rheinberger from TBIG undertook a review of relevant documentation to support meetings with key members of the MB project team, including Ministry representatives and Interlink.

Interviews were conducted with the following people:

- Angela Hawkings – Director Capital Works, Education Infrastructure Service
- Rob Giller – Group Manager, Infrastructure Advisory Services
- Laurence Pidcock – Commercial Procurement
- [REDACTED] – Lead Delivery Manager Auckland
- Bo-Yao Lee – EIS Engineering
- [REDACTED] – Category Leader: EIS Procurement
- Spyros Vatselias – Commercial Performance Manager
- [REDACTED] – Programme Manager
- [REDACTED] – Technical Advisor
- [REDACTED] – Programme Coordinator

3.0 Findings

3.1

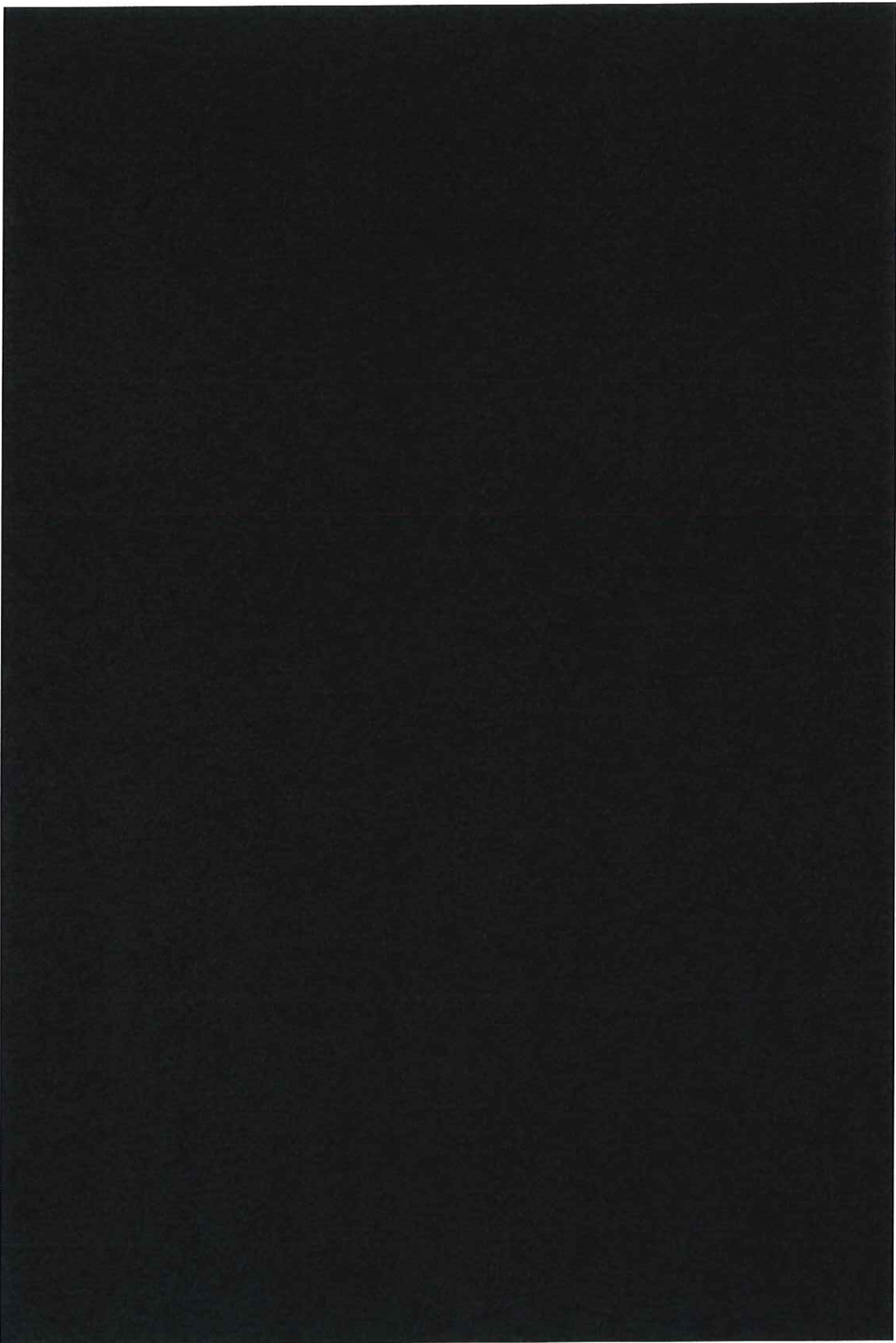


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3.2

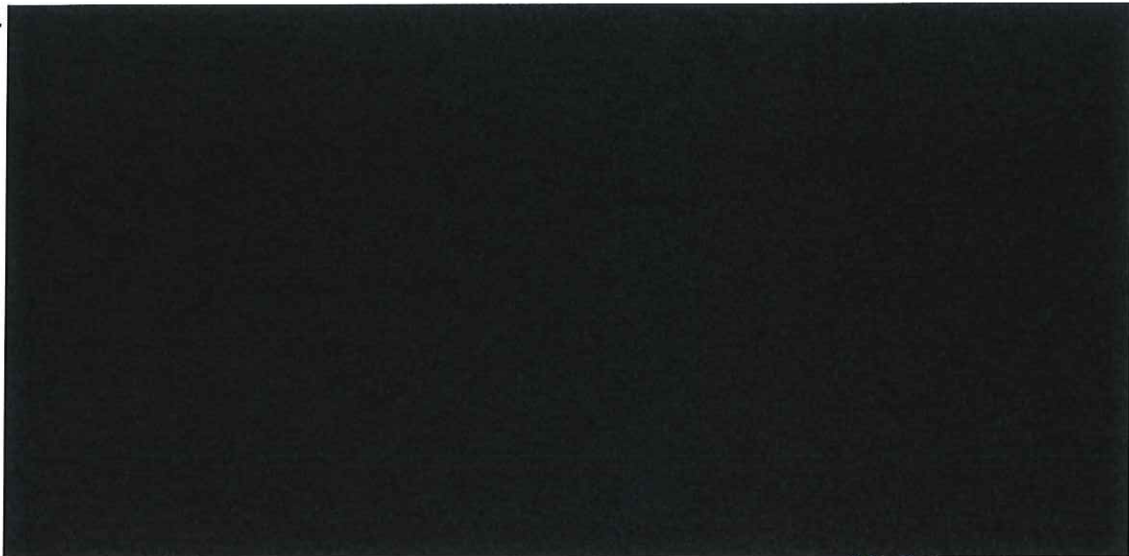
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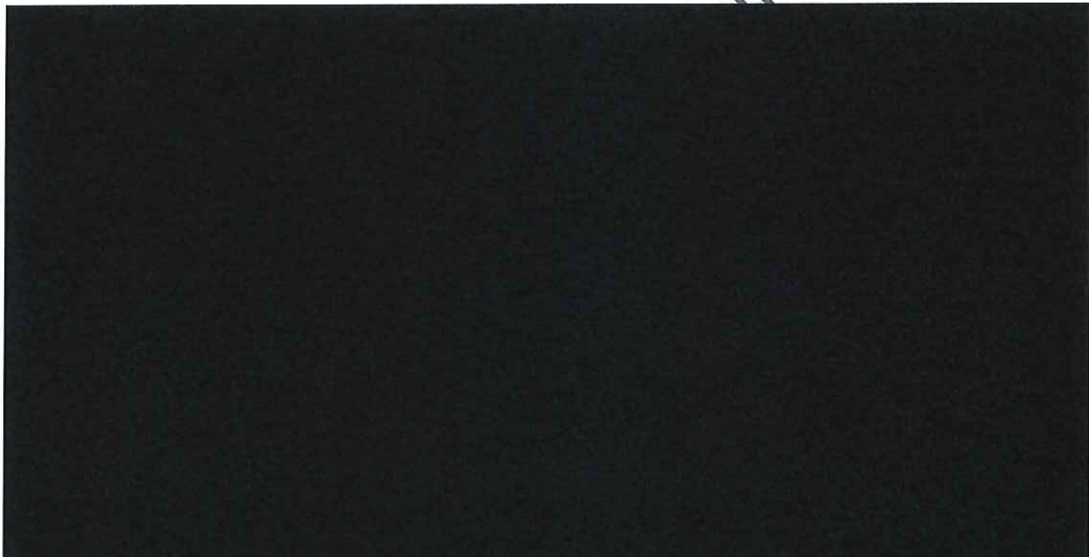
RELEASE

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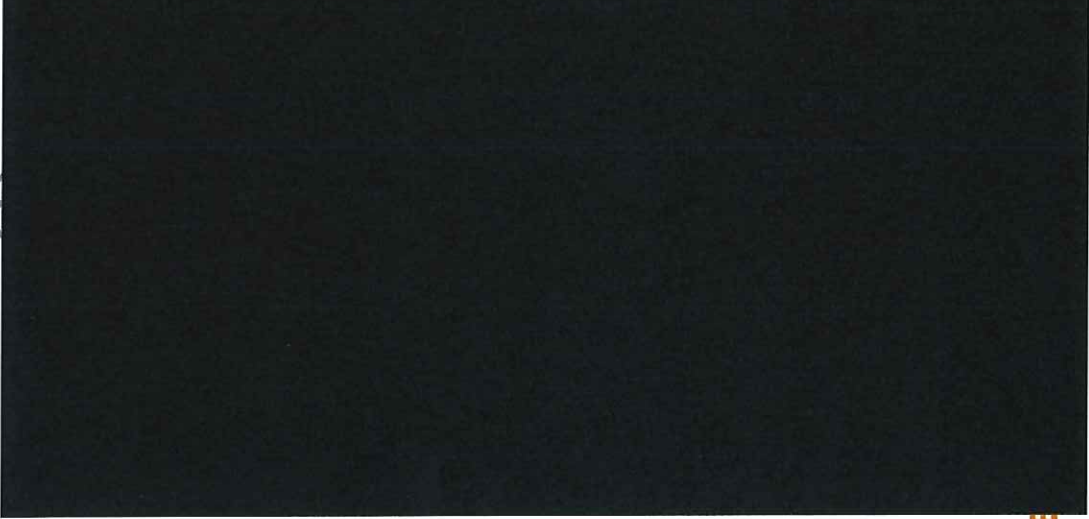


4.0 Recommendations

4.1



4.2



4.3



4.4

4.5

4.6

5.0 Next steps

In order to progress the above recommendations, we suggest the following actions:

- Immediate transfer of programme responsibility to Capital Works, Education Infrastructure Services (National Office);

- [REDACTED]
- [REDACTED]
- [REDACTED]

Appendix A
Terms of Reference

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Appendix B

Proposed Feasibility Process Map

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Terms of Reference

Modular Building Review

Education Infrastructure Service

October-December

2016

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Modular Building Review

1.0 Overview

- The national contract for Modular Buildings was established mid 2015.
- Delivery of these buildings is now a critical part of our accommodation solution to meet roll growth in schools but they are yet to be sources for our major capital works programmes.

2.0 Purpose of the review

- The Head of EIS is commissioning a short review to:
 - check progress against our original project objectives (refer Appendix pp 6-7)
 - consider whether or not the current approach and product is delivering the best, service and fit for purpose solution to meet our school accommodation needs:
 - if this is not the case the Review Team will be asked to make recommendations about what could be done differently to improve processes and meet wider needs and key challenges like Auckland growth [REDACTED]
 - ensure that roles and responsibilities of our people and teams involved in this work are clear
 - establish what is working well from a process/functional standpoint and determine if there are any areas in need of greater support
 - based on organisational design principles, make recommendations about where the Modular Building function should sit within EIS.

3.0 Pending the recommendations of the review

- [REDACTED]
- [REDACTED]

4.0 Key objectives for the Review Team

Review Team recommendations will form the basis for immediate actions and longer-term proposals designed to ensure:

- our national contract for Modular Buildings delivers the best, fit for purpose, cost effective and timely accommodation solution/s for New Zealand schools
- the Modular Building function is integrated with other EIS activities to streamline processes, leverage expertise and lift overall performance
- Modular Buildings are delivered as an integrated component of the services we offer schools.

5.0 Approach

5.1 Timing of the review

- The review will commence by end October 2016.
- The Head Education Infrastructure Service will consider the Review Team's recommendations and make any decisions by mid December 2016.

5.2 Oversight Committee

- An internal Oversight Committee will meet regularly to provide direction and consider the recommendations of a Review Team made up of external experts.
- Final decisions will be made by the Head Education Infrastructure Service.
- The Oversight Committee will be led by the Director Capital Works Central Southern and composed as follows:

Position	Role
Jerome Sheppard	Head Education Infrastructure Service
Rob Giller	Group Manager Infrastructure Advisory Services
Angela Hawkings	Director Capital Works Central Southern (Internal lead)
Fabio Pagano	Director Capital Works Northern
Laurence Pidcock	Director, Commercial Procurement
Bo-Yao Lee	Senior Policy Manager, Engineering and Design <i>Note: Bo-Yao will be on leave 14 Nov – 14 Dec</i>
s 9(2)(a) OIA	EIS Strategic Reporting Manager

5.3 Review Team

- The Review Team will report to Angela Hawkings.

Members of the Review Team are:

- Project Lead – Tess Browne (TBIG) s 9(2)(a) OIA
- Engineer Advisor – (ESG) s 9(2)(a) OIA
- Design Advisor – (DRP)
- QS Advisor – Geoff Hayr (Maltby's)

s 9(2)(a) OIA ○ Other Technical Advisors and experts as required.

- will provide support as writer on key papers.
- The Modular Building project coordinator will provide secretariat support to the Review Team (IAS will provide backup as needed).

5.4 Review Team Operations

- The Review Team will agree its preferred operational approach with the EIS internal lead (Angela Hawkings) at the earliest opportunity.
- **The Team are free to engage with any EIS staff** that will help inform this work.
- **The Oversight Committee will identify and agree specific people** the Team need to include for feedback – at this stage this includes:
 - school accommodation customers, being:
 - Group Manager, Infrastructure Advisory Services (Rob Giller)
 - Regional Infrastructure Managers (and referred Property Advisors)
 - Brian Mitchell
 - Simon Cruickshank
 - Lucy Ross
 - Gary Anaru
 - Capital Works Directors (Angela Hawkings and Fabio Pagano)
 - Case Manager, Classroom Delivery, Auckland (Matt Ballantine)
 - EIS specialists:
 - Laurence Pidcock / Sam Fowler, Commercial Procurement
 - s 9(2)(a) OIA ██████████ EIS Group Manager Asset Management & Finance
 - Craig Cliff, EIS Senior Policy Manager
 - Bo-Yao Lee / Andrew Smith (EIS Engineering and design perspective)
 - Wayne Kezlie, EIS Lead Data Analyst (EIS School accommodation demand patterns).

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6.0 Internal communications

The following key messages are provided to support communications with staff and stakeholders about the review:

- The national contract for Modular Buildings was established mid 2015 and is now a critical part of our accommodation solution to meet roll growth in schools. It hasn't yet impacted our wider capital works' programmes.
- The Head of EIS is commissioning a relatively quick review to ensure the programme is well placed to deliver an increasingly critical aspect of education infrastructure – specifically this will:
 - check progress against our original objectives
 - ascertain if the current approach is delivering the best, fit for purpose accommodation solution or, if this is not the case, [REDACTED]
 - ensure that roles and responsibilities of people and teams are clear
 - establish what is working well from a process/functional standpoint and determine if there are any areas in need of greater support
 - based on organisational design principles, make recommendations about where the Modular Building function should sit to leverage existing EIS expertise/processes, and ensure Modular Buildings are an integrated component of the services we deliver to schools.
- Pending delivery of the Review Team's recommendations:
 - [REDACTED]
 - [REDACTED]

The review will commence by end October 2016 and any decisions will be made by the Head Education Infrastructure Service by mid December 2016.

7.0 Communications with Interlink


- The Head Education Infrastructure Service will meet with Interlink management around 19 October.

A formal letter will follow from EIS' Commercial Director that will communicate relevant key messages and advise the company to put 2 storey design work on hold pending the outcomes of the Review.

 - The letter will emphasise that the review is a positive step that reflects the importance placed on the programme and the need for group-wide ownership. For Interlink, it will also help establish service priorities by providing greater clarity around projected demand.

8.0 Appendix 1

8.1 Background

- On 7 July 2015 the Government announced a new, long-term contract for the supply of more than \$100 million worth of modular classrooms to New Zealand schools.
- This centralised procurement approach was established to:
 - provide all schools in need of additional classrooms with a high quality, high specification design that meets Ministry standards
 - deliver cost savings over time (a high volume of goods delivered over an extended period enables the supplier to reduce costs and pass on savings to the Ministry).
- Modular classrooms:
 - are designed to support the delivery of the New Zealand Curriculum today as well as future changes in teaching and learning
 - can be adapted to meet the needs of a growing and changing population across the school estate
 - provide fit for purpose, high-quality, durable facilities that are easy to maintain and have a minimum 50 year lifespan
 - can be configured to suit specific site conditions and purposes
 - meet the same standards and codes as new, permanent buildings
 - are high quality, versatile and relocatable buildings that present the best whole of life value for the Crown
 - can be provided in shorter timeframes than most traditional construction projects (subject to quickly resolving any site-specific issues)
 - where possible, local contractors are used for site specific works.
- Modular classrooms are currently being manufactured at factories in Christchurch and Auckland by one supplier, Interlink.
- 

8.2 Positioning of the Modular Building function within EIS

The Modular Building team sits within EIS Commercial Procurement in the form of a Contract Management Office (the CMO).

The CMO evolved from, and still includes, the original role of Category Lead, which was put in place to develop a business case for Modular Buildings and finalise the national contract.

- The Contract Management Office currently focuses on managing relations with the Modular Building supplier Interlink.
- Property Advisors handle liaison with schools to manage communications with schools (as they are aware of what schools are entitled to and need to manage school expectations).

8.3 Changes to EIS structure since the establishment of the CMO

- The two key organisation changes that have occurred since the initiation of Modular Buildings are:
 - the National Office Infrastructure Advisory Services' team manages roll growth allocation via its Regional Infrastructure Managers
 - two Capital Works Director roles have been established to coordinate all Ministry-led construction projects.

8.4

