MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

Briefing Note: Commentary on the N4L SOI and SO

To:	Hon Chris Hipkins Minister of Education		
Date:	12 May 2021		
Security Level:	In Confidence	**Priority:**	Medium
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Purpose of Report

The purpose of this paper is to provide you feedback on the Network for Learning Limited's (N4L's) draft Statement of Performance Expectations (SPE) for the FY22 financial year and draft Statement of Intent (SOI) for the FY22-FY24 period.

Summary

- The Statement of Intent 2021 – 2025 reflects the Ministry expectations on the overall direction for the company.

- The Statement of Performance Expectations 2021/22 is in line with the Ministry expectations.

- The Ministry received funding as part of Budget 19 and Budget 20 to support schools to manage their ICT networks and to improve cyber security. N4L has been contracted to deliver much of this work, through the Te Mana Tūhono programme. This is a four year programme and whilst this has started slower than expected, it is now on track to deliver on time.

- N4L intend to procure the next iteration of the Managed Network, a significant piece of work that will ensure continued connectivity services for our schools.

- N4L has access to a significant amount of data on schools use of the Managed Network. With the appropriate privacy controls in place, this has the potential to provide useful insights for schools and Crown entities.

Proactive Release

1.   It is intended that this Briefing is proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Agree   **Disagree**

Kim Shannon
Head of Education Infrastructure

Hon Chris Hipkins
Minister of Education

12/5/2021

18/ 5 / 2021

Background

2.   The N4L was established in 2012 as a Crown company to provide fast, reliable internet, complete with uncapped data, web filtering, network security services and helpdesk support to New Zealand's State and State-integrated schools.

3.   The Ministry provides the majority of the N4L's funding, $28.7m, and they receive a small amount of additional revenue from other sources such as NZQA and private schools.

4.   Under the requirements of the Crown Entities Act 2004 (the Act), N4L must prepare a SOI at least every three years and an SPE annually.

N4L Performance

5.   N4L consistently performs well on customer satisfaction ratings, where more than 92% of schools that respond are very satisfied or satisfied with the service they receive from N4L.

6.   N4L generally meets the targets set by the Ministry for the services they deliver. Governance arrangements are in place to manage any deviation from the expected performance.

7.   Alongside the Managed Network, N4L is delivering key programmes of work for the Ministry including Te Mana Tūhono which will replace school network equipment and deliver a security operations centre. This additional work has resulted in a significant increase in personnel numbers and costs of approximately $13.0m

8.   N4L is facing up some additional cost pressures arising from labour shortages in the specialist technology market that are driving up salaries. This is a common trend across the majority of the ICT sector.

9.   Delivery of Te Mana Tūhono has had a slower than expected start driven by a two month later than expected funding announcement, COVID lockdown impacts on the Auckland based company and recruitment challenges in the specialist technology market. Current performance from N4L suggests these delays will be recovered and the four year programme will be delivered on schedule.

10.   As part of latest upgrades to schools' infrastructure, the N4L collects data on students' usage of the internet. This provides useful insights into where students are spending their browsing time and also which sites have been blocked by school security settings. Although potentially bounded by privacy considerations, the N4L is collaborating with the Ministry and school representatives to develop a service so that this can be reported back to schools.

11.   N4L's insights should inform the development of both the Digital Strategy for Aotearoa, lead by DIA, and the Education System Digital Strategy led by the MoE. We are continuing to work with N4L on options for how they could contribute to align with the Government's policy decisions.

Development of the SPE and SOI

12. N4L consulted with the Ministry during the development of the SOI and the SPE and Ministry feedback was incorporated into the draft version presented for review. The draft versions are in line with Ministry expectations.

13. Treasury is the Monitoring Agency for N4L. The Treasury, N4L and the Ministry worked together to agree the financial performance measures.

14. N4L and the Ministry worked together to agree the non-financial performance metrics for the company and these are accurately reflected in the document.

Next Steps

15. You will receive a report from Treasury with a recommendation you consider acceptance of the draft SPE and SOI. Should you accept the draft documents, Treasury has prepared a letter, on your behalf, to the Chair of N4L requesting the entity finalises and publishes its SOI and SPE.