Briefing Note: Schools payroll monthly update 30 April 2019

To: Hon Chris Hipkins  
Minister of Education

Date: 30 April 2019  
Priority: Medium

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Communications team: No  
Round Robin: No

Purpose of Report

The purpose of this briefing is to update you on schools payroll performance.

Summary

- This briefing reports on Education Payroll Limited’s (EPL’s) achievement against key performance indicators (KPIs) defined in the Master Services Agreement between the Ministry and EPL. EPL continues to meet its current KPI targets.
- EPL’s web site availability was unstable for two days in pay period 26.
- On 12 April, EPL successfully completed payday filing for the schools payroll in line with Inland Revenue’s new requirements.
- The minimum wage issue attracted further media attention last week. EPL advises that the first phase of remediation work will be complete as at 8 May.

Agree that this Briefing will be proactively released.

Andrew Turner  
Associate Deputy Secretary, Payroll Education Infrastructure Service

Hon Chris Hipkins  
Minister of Education

30/4/19  
21/5/19
EPL performance

1. In pay periods 26 and 01 (paydays 27 March and 10 April, respectively), EPL paid on average $205 m (gross) to around 96,000 school staff per fortnight.

2. EPL performance is measured fortnightly through a set of key performance indicators (KPIs) defined in the Master Services Agreement between the Ministry and EPL. Performance information updated over pay periods 26 and 01 shows EPL continuing to meet its current KPI targets as follows:

<table>
<thead>
<tr>
<th>Performance measure</th>
<th>Description</th>
<th>Target</th>
<th>Current performance</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Payroll payments to eligible teachers and schools support staff are accurately calculated</td>
<td>Percentage of employees paid, excluding requests, by exception, to correct payments to employees and pay impacting tickets not processed in the current fortnight</td>
<td>99.50%</td>
<td>YTD average 99.80%</td>
<td>Yes</td>
</tr>
<tr>
<td>1.2 Pay timeliness</td>
<td>Bank file(s) delivered before 12.00 PM before due Pay Day</td>
<td>100%</td>
<td>Pay period 26 100%</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Pay period 01 100%</td>
<td></td>
</tr>
<tr>
<td>1.3 Payroll payments to eligible teachers and school support staff which are sent to financial institutions on time in order to be processed on or before advised pay dates</td>
<td>Percentage of employees paid excluding the employees receiving a manual pay in the fortnight following the advised pay date</td>
<td>99.50%</td>
<td>YTD average 99.99%</td>
<td>Yes</td>
</tr>
<tr>
<td>2.1 Customer Satisfaction</td>
<td>Percentage of survey respondents (authorised users) satisfied with the overall quality of the service delivery and the support they receive from EPL</td>
<td>70%</td>
<td>Fourth quarter 78%</td>
<td>Yes</td>
</tr>
<tr>
<td>2.2 Service Web Site Availability</td>
<td>Availability to school payroll service users of the website for obtaining information and/or submitting information on line (Website availability between 7am to 7pm, 7 days per week)</td>
<td>&gt;97.5%</td>
<td>Pay fortnight ending: - 26 Mar 2019 available 97.70% of total hours - 9 Apr 2019 available 100.00% of total hours</td>
<td>Yes</td>
</tr>
<tr>
<td>2.3 Complaints</td>
<td>Measure of the complaints being received relating to under- and overpayments in the pay week</td>
<td>&lt;0.250%</td>
<td>Pay period 26 0.033%</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Pay period 01 0.033%</td>
<td></td>
</tr>
</tbody>
</table>
Incident with EPL systems down

3. EPL experienced challenges with maintaining website availability in pay period 26, as reflected in KPI 2.2, "Service Web Site Availability".

4. During two days of pay period 26, EPL staff and school users were experiencing slow or no performance using aspects of the Novopay platform, and for several hours EPL's whole network was down. For the remainder of the pay period, however, the network was stable and showed no signs of performance issues or failures.

5. EPL believes that the malfunction was part of a larger network issue which affected other organisations in the CBD. The delay meant that some school instructions, around 400, were unable to be processed before the pay was run.

6. 11 schools that were scheduled to test EdPay on 25 March were unable to do so because of the network issues. EPL called these schools to explain the situation.

Successful transition to new payday filing regime

7. On 12 April, EPL successfully completed payday filing for the schools payroll in line with Inland Revenue's new requirements. Inland Revenue updated its requirements so that employees' PAYE information must be provided each payday rather than monthly. EPL worked directly with Inland Revenue to test and prepare the payroll system for go live.

Minimum wage issue

8. Media interest continues on the issue, appearing in several different news outlets last week.

9. The Ministry continues to work with EPL to progress the remediation work. EPL advises that as at 8 May:
   - All affected teachers will be paid at or above the minimum wage
   - All back pay for errors from 1 April 2019 will have been paid
   - Controls will be in place to ensure that all new incoming employees are paid at or above the minimum wage.

Proactive Release

10. We recommend 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.