



City of **HOBART**

Memorandum: **Acting Lord Mayor**
 Elected Members

Response to Question Without Notice

PROJECT PHOENIX

Meeting: Finance and Governance Committee Meeting date: 16 June 2020

Raised by: Alderman Behrakis

Question:

In regards to the Council's "Project Phoenix":

What was the expected or budgeted cost for the project?

What was the realised cost of implementing the project?

What was the expected implementation timeframe for the project?

What was the realised time to implement the project?

What KPI's were set for the project?

How did it perform against these KPI's?

Response:

Background

Project Phoenix was formally wound up as at 30 June 2019.

The City entered into a contract with technical partner Open Office in November 2016 to replace the City's core business systems.

Project Phoenix however was a lot more than a new technology package. It had set objectives about reinventing core business processes, developing a strategic approach to information management and use of new technologies, driving cultural change and bringing into sharper focus service for our customers, both outside and within the organisation.

Implementation commenced with the roll out of a new external web site (Open Cities) in July 2017.

Open Office modules implemented during the life of the project included:

- Microsoft Navision Payroll including Employee Self Service kiosk, Lanteria to manage workflows and Single Touch Payroll reporting to the Australian Taxation Office.
- Permits and Licences including 'open forms' on the City's website and forms were redrafted into 'plain English'.
- Health Manager – previously an Open Office product was upgraded.
- Waste Water – also pre-existing, but upgraded.
- Animal Management.
- Bookings – for sportsgrounds, Waterworks reserve and other recreational sites
- Hazard Identification.
- Microsoft Navision Finance (Accounts Receivable) and Cashlink Receipting including all in-bound payments to the City – Bpoint, BPay and over the counter transactions.
- Property and rating.

Since the project wound up, the remaining Navision Finance functionality - Procure to Pay and the new Chart of Accounts (reducing the previous four general ledgers to one) has been implemented.

The work completed to date provides the City with a new technical platform for ongoing business system enhancements into the future.

The following sub projects are being completed as individual 'business-as-usual' implementations, rather than under the Phoenix banner:

- Infringements (preparing for go-live end August 2020).
- Customer requests (now in user acceptance testing).
- Parking Permits (post infringements – above).
- Planning, building and plumbing (under development, expected go live end October 2020).
- Assets (under development).

Project Phoenix had a solid project management framework, overseen by a Steering Committee chaired by the General Manager. Six monthly reports were provided to elected members to keep them updated on the Project and the Project was also monitored by the City's Risk and Audit Panel. In addition, data migration and process audits were undertaken by the City's internal auditors during the life of the Project.

Budget, Timeframes and KPIS

As advised in the General Manager's memo of 31 July 2019, at the end of the Project (30 June 2019) total expenditure was \$5.371M. Some \$791K was carried forward to complete the stand-alone projects while a further \$70K was budgeted in operating and capital budgets in 2019-20 for close out activities. The original project budget was estimated to be \$4.94M.

The most significant internal cost associated with the Project was staff backfill and represented the bulk of additional costs. This item was underestimated both in terms of scale and duration at the outset of Project Phoenix. The vast majority of Councils do not cost these expenses to their ERP projects but we opted to fully attribute the cost of resourcing internal experts to support implementation by the contracted vendor. Accounting for costs of backfill labour ensures that the fully capitalised costs of new assets are accounted for, can be depreciated and future asset renewal is appropriately funded in future capital works programming.

In terms of timelines, the technical partner was contracted in November 2016 and it was initially considered that the project would be complete by July 2018. In the event implementation of modules took longer than expected and the scope of the project was greater than anticipated. Examples include, in the case of Navision, a total revamp of the City's chart of accounts, reducing four ledgers to one as well as standardisation of on-costs and overhead methodologies. We also took the opportunity to review the forms we use and the standard correspondence the City sends out with a view to ensuring they have a plain language approach.

In terms of KPIs, a formal close-out report was complete in July 2019 outlining achievement in terms of modules delivered (as outlined earlier in this memo). In addition, a more detailed Phoenix Benefits Realisation Report was prepared in August outlining achievement of target outcomes (identified at the beginning of the project), as well as additional or unexpected benefits resulting from the Project as a whole as well as each individual module. This document remains 'active' as additional sub projects are implemented, post-implementation issues are resolved and additional benefits are identified.

As signatory to this report, I certify that, pursuant to Section 55(1) of the Local Government Act 1993, I hold no interest, as referred to in Section 49 of the Local Government Act 1993, in matters contained in this report.



Heather Salisbury
DEPUTY GENERAL MANAGER

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