



I hereby give notice that an ordinary meeting of the Finance and Performance Committee will be held on:

Date: Thursday, 19 February 2015
Time: 9.30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Finance and Performance Committee OPEN ADDENDUM AGENDA

MEMBERSHIP

Chairperson	Cr Penny Webster	
Deputy Chairperson	Cr Ross Clow	
Members	Cr Anae Arthur Anae	Cr Calum Penrose
	Cr Cameron Brewer	Cr Dick Quax
	Mayor Len Brown, JP	Cr Sharon Stewart, QSM
	Cr Dr Cathy Casey	Member David Taipari
	Cr Bill Cashmore	Member John Tamihere
	Cr Linda Cooper, JP	Cr Sir John Walker, KNZM, CBE
	Cr Chris Darby	Cr Wayne Walker
	Cr Alf Filipaina	Cr John Watson
	Cr Hon Christine Fletcher, QSO	Cr George Wood, CNZM
	Deputy Mayor Penny Hulse	
	Cr Denise Krum	
	Cr Mike Lee	

(Quorum 11 members)

Crispian Franklin
Democracy Advisor

16 February 2015

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IS Transformational Programme and NewCore Project Update

File No.: CP2015/00714

Purpose

1. This report updates the Finance and Performance Committee on progress of the NewCore project and more generally the IS Transformational programme and budgets for the period ending 31st December 2014.

Executive Summary

2. The Long-term Plan (LTP) 2012-2022 included \$159 million of efficiency savings for the 2014/2015 financial year. These savings were budgeted to increase to \$188 million by 2017/2018.
3. Critical to the success of achieving these efficiency savings is the Transformation programme.
4. The Transformation programme has made strong progress with a number of key projects being completed and a further number of key projects currently in progress.
5. NewCore is one of the most significant projects that underpins organisational transformation. It enables the future radical transformation of key customer-facing services while also reducing the cost to serve each customer. The annual benefits of NewCore are in excess of \$10m annually when the project is completed.

Recommendation/s

That the Finance and Performance Committee:

- a) note progress on the NewCore project and more generally the IS Transformation programme.

Discussion

IS Transformation Programme

Projects Completed

6. To date there has been strong progress across the transformational programme with a number of key projects completed.

Project	Issue addressed
BSR	Reduces significant wastage by eliminating duplication and effort caused by disparate legacy processes and systems which impede mature, cost effective, customer focused delivery of shared or support services.
Contact Centre Consolidation	Challenges in understanding the consistency, quality and volume of customer interactions across the region due to multiple business processes and operating models across multiple locations and technology platforms.
AMPM	Disparate systems and processes being utilised to manage core asset management for parks and property functions leading to inefficiencies for maintenance programmes and asset utilisation.
HRIS	Lack of visibility in relation to core Human Resources information available

	to cost centre managers to actively manage staffing levels and costs.
Desktop	Ongoing support for desktop environment, Windows XP, ceased by vendor introducing risk to the organisation as well as inconsistent environments being managed.
Library System Upgrade	Life cycle management reducing impact to library services.
Holistic Performance Reporting (Holly)	Improve decision making through providing timely and relevant financial and non-financial reporting as part of the overall Finance Transformation programme.

Projects in Progress

7. IS transformation projects underway include :

Project	Issue addressed
NewCore	Transforming services to customers including digital solutions and reduction of costs, by: <ul style="list-style-type: none"> simplifying and standardising our customer and business processes for customer interaction, rates, regulatory services and related property data, enabling more effective development of digital solutions for customers, giving them more choices around how they want to interact with the council, consolidating core customer-facing systems that support those processes, creating a standardised base set of processes and systems for implementation of the Unitary Plan and bylaw reviews, where only one set of systems needs to be updated, as opposed to multiple legacy systems, and reducing operational risk associated with complex end-of-life systems.
Data Centre Consolidation	Consolidation of IS infrastructure resulting in lower operating costs, lower operational risk and stronger platform for technology enhancement projects.
Capex Projects Hub	Raise the standards of project management and project maturity through implementation of best practices and standardising project management approaches/methodologies for Auckland Council.
SAP Hana & Hybris	Life cycle management reducing impact to NewCore project midstream and allowing multi-channel online transactions.
Network consolidation	Consolidation of IS network infrastructure resulting in lower operating costs, lower operational risk and stronger platform for technology enhancement projects.
Workplace Strategy	Support of new working practices through mobile technology deployment.

NewCore detailed discussion

8. NewCore is one of the most significant projects undertaken by Council and underpins organisational transformation. It enables future and more radical transformation of customer-facing services, our digital/on-line interface, and will reduce the cost to serve as a result.

Project % complete as at December 2014

- 32% v Plan 29%

Key achievements in last quarter are:

- Selected Hybris (an SAP online e-commerce solution). Work commenced to implement.
- Commercial agreement signed with SAP and work has commenced for Property and Consents project within NewCore. This followed a decision to use SAP as the best equipped solution to meet our property and consenting business requirements.

Key risks/issues being addressed (subset of risk register):

- Data Quality – combining the data from the legacy councils into one integrated data set that enables us to deliver a consistent set of services to our customers. To help address this a Data Governance Council is being formed to be able to make decisions and set standards for Auckland Council.
- Change Management – As we consolidate, simplify and standardise there will be changes required in how we operate. This transformational change will be led by the operational heads and supported by the NewCore change programme team.

Upcoming significant milestones

- Commence detailed design workshops, otherwise known as “design sprints” for Property and Consents, on 16th February
- Procurement – complete the vendor reviews and RFP evaluation, by 28th February
- Lean Design approach completed for Property and Consents, by 31st March

NewCore Project Costs Year to Date and Project Life to Date

Current year

Actual YTD December 2014	\$ 20.8m
Full Year Budget FY14/15	\$ 46.7m (approved November 2014)

Forecast for FY14/15 is on track to be completed within the approved budget of \$46.7m

Whole of Project Life

Actual Life to December 2014	\$ 51.3m
Budget Life to June 2015 (end of current financial year)	\$ 77.7m (approved November 2014)

Actual spend on track for project life to revised budget and no overspend forecast to June 2015.

Project Completion forecast

The forecast cost for full completion of the Project is \$156.9m as presented in the IS Transformational programme budget update to Finance and Performance Committee in November 2014.

- Fully costed resource model is in place that will be reviewed and updated on a quarterly basis for the remaining life of the programme.
- As appropriate rates and pricing are being locked in with key vendors.

IS Transformation Capital Budgets

9. The overall capital budgets for the IS transformation programme are shown in the in the following table.

Millions	..2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total
NewCore	31	29	37	24	3	0	124
Non NewCore scope		13	5	2	0	0	20
Extended Testing Programme		4	6	3	0	0	13
Total NewCore	31	46	48	29	3	0	157
Mandatory /High Risk		26	15	13	5	5	
Other		4	3	8	36	39	
Total IS Capital Budget Recommended		76	66	50	44	44	280

Consideration

Local Board Views and Implications

10. Transformation projects are of corporate support in nature. Local board views were not sought.

Maori Impact Statement

11. Transformation projects are of corporate support in nature. Iwi views have not been sought, nor is it considered there is a specific impact.

General

12. There is no further general information.

Implementation Issues

13. There are no implementation issues.

Attachments

There are no attachments for this report.

Signatories

Authors	Bruce Gardiner - Acting Manager Finance
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Authorisers	Kevin Ramsay - Chief Financial Officer Dean Kimpton - Chief Operating Officer
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