

Report to Chief Officer (Highways and Transportation)

Date: 01 August 2017

Subject: Request to Waiver of Contract Procedure Rules 8.1 and 8.2 to renew the licence for AMX with a Flood Risk Management module without seeking competition.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4(3) Appendix number: Appendix 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. The Flood Risk Management (FRM) team requires a Computerised Maintenance Management System (CMMS) which is capable of supporting management of the new Leeds Flood Alleviation Scheme (FAS) assets when they are formally adopted by Leeds City Council in October 2017. Given the timescales involved, it would be beneficial to adopt a CMMS system which:
 - has the appropriate functionality for managing flood risk management assets;
 - can readily integrate with other LCC CMMS systems;
 - LCC has working experience of and trained users in.
2. A review of existing CMMS systems used within LCC has identified that the Asset Management eXpert (AMX) system, which is currently being used by the Bridges Team, has a module which has been specifically designed to meet the needs of FRM. This would form an essential part of the business processes related to FAS assets.
3. As LCC is an existing user of AMX, the software provider AMX Solutions is offering a discounted rate on user licenses if the Flood Risk Module order is linked into the next Bridges order. The licences are currently due for renewal in August 2017.
4. In order to adopt AMX and take advantage of the discounted rates, approval for the Contracts Procedure Rules Waiver is being sought. However, purchase of the software will still be dependent on a review of the software functionality against a requirements specification.
5. It is proposed to renew the use of AMX to cover additional FRM activities for a period of 3 years with the intention that AMX replaces the existing Access database used by

the FRM team, at which point the suitability of AMX to meet these future requirements will be reviewed and further recommendations made.

Recommendations

6. The Chief Officer (Highways and Transportation) is requested to:
 - i) waive Contract Procedure Rules 8.1 and 8.2 – Intermediate Value Procurements - and approve renewal of the existing licence agreement and the bridges module with AMX Solutions for three years at £7,200 per annum and to include the flood module and licences for a first year cost of £59,171 and to renew annually for two years at a costs of £9,149 per annum without seeking competition;
 - ii) approve the additional expenditure of £59,171 in 2017/18 and £9,149 annually in 2018/19 and 2019/20 for the Flood module of the AMX software.

1. Purpose of this Report

- 1.1. The purpose of this report is to seek approval from the Chief Officer, (Highways and Transportation), to waive Contract Procedure Rule 8 (Intermediate Value Procurement, contracts between £10k and £100k) to renew the licence for the AMX software used by the bridges section for three years and to add the flood module and licences to the renewal.

2. Background Information

- 2.1. The Bridge Management Software incorporates Works Management Prediction Models, Whole Life Costing, Asset Valuation and Decision Support for short and longer term Asset Management Planning.
- 2.2. The bridges section have used the AMX software for eight years having procured it through competitive tendering.
- 2.3. With the responsibility for the ownership, operation and maintenance of the FAS assets transferring to the FRM team in October, Leeds City Council must be able to guarantee that the assets are available and that FRM have the ability to operate them when required.
- 2.4. The nature of flood defence assets is that they are not required frequently, but when they are required it is of the utmost importance that they are operational and can be used as planned when required. This means that servicing and inspections which form planned preventative maintenance activities are a vital component of the FAS asset management system to ensure the availability of the assets.
- 2.5. In order to be assured that an appropriate maintenance regime is in place, there is a need to use a CMMS for planning, managing, recording, monitoring and reviewing maintenance effectiveness.
- 2.6. The FAS consists of a number of different asset types that require regular maintenance including:
 - Linear Works
 - Crown Point & Knostrop Weirs
 - Crown Point & Knostrop Weir Control Buildings

- Security Equipment

2.7. The CMMS system required to manage these assets must have the following components:

- Asset Register – with the ability to hold attributes against the following types of asset record. The asset register will have the ability to integrate with the Environment Agency’s AIMS system:
 - Point assets (e.g. Flap Valves)
 - Linear assets (e.g. River Walls)
 - Group assets (e.g. Glazed defence panels)
 - Mobile assets (e.g. Vans & equipment)
 - Polygon assets (e.g. Flood Storage Zone)
- GIS – spatial view of assets.
- Standard Jobs – the maintenance activities to be carried out.
- Measurements / Meter Readings – the ability to record hours run and condition and performance measurement sets against the assets.
- Planned Preventative Maintenance – the ability to create planned maintenance schedules based on differing parameters such as calendar days or hours run which will trigger the generation of work orders.
- Corrective Maintenance – the ability to manually raise work orders as defects are reported. If the defect has been found as a result of an inspection the ability to link a follow on work order to the inspection work order will be beneficial.
- Maintenance Planning – Will contain a user friendly interface for viewing work orders. This will allow easy identification of work, the asset criticality and the status of the work. Users will have the ability to progress work orders through a defined work flow to ensure that the status of the work is properly known. This work flow will allow for effective maintenance planning.
- Resource Planning – Basic resource planning will be available to record who work has been assigned to / carried out by, their skill set and hourly rates.
- Work Order Management - Work orders will be capable of recording feedback on work undertaken. This includes details on the asset the work was carried out on; the status of the work; a brief description of the work; any photos taken; a detailed description of the work; the time, labour, plant, spares and equipment estimates and actual values; required by dates and planned dates; measurements required. Work orders will not be deleted but archived, to allow work history to be reviewed.
- Handheld devices – Will be available for recording details of faults and inspections on site.
- Reporting – Reporting functionality will be available to enable the production of management reports.

- Historical information – Ability to import and store historical information so that the legacy Access system can be retired.

2.8. The Environment Agency will carry out visual inspections of some of the assets, and this will be logged on their Asset Information Management System (AIMS). LCC's CMMS system therefore needs to integrate with AIMS data, so asset condition is consistent across both systems.

2.9. There are numerous CMMS systems available that cover the above requirements and which are capable of managing FAS maintenance records. A high level comparison of a selection of CMMS systems follows:

System	Pros	Cons
AMX	AMX is already in use within LCC. It has recently been updated to include a Flood Management module which contains the functionality that LCC needs in order to manage flood assets. It is possible to configure the system to specific needs, but the out of the box implementation has been aligned to the EA's method of structuring the asset register, attribute recording and method for recording asset condition, easing data transfer between the two parties. AMX are offering significant licence cost reductions to supply the Flood Management module alongside the Bridges module already in use at LCC.	It is not possible to auto-generate inspections for meters such as hours run or automatically push work orders to a handheld device; both of these activities need to be initiated by a user. AMX does have the functionality to do this but LCC's current IT setup does not include Windows services. This issue is known for AMX as it is a system currently in use within LCC. This issue will also affect other systems in this comparison.
Confirm Enterprise Infrastructure Asset Management	Currently in use within LCC for management of Parks and Countryside assets. Contains expected functionality of a CMMS system.	Requires additional design of specific functionality required to meet flood risk management's needs and align to the EA's AIMS system allowing equivalent asset condition assessments to be recorded and shared between LCC and the EA. This will increase the work required during implementation, therefore setup

		costs will be higher as a result.
IFS	Modular based system allowing selection of required functionality. Capable of delivering required functionality.	Not designed for management of flood defence assets, catering more for functionality required by process industries rather than local councils. This will increase the work required during implementation, therefore setup costs will be higher as a result. IFS is not currently in use within LCC, therefore a full implementation including IT compatibility checks is required which would not be completed within the required timescales.
Insight	In use within LCC for highways management. Strong asset register and GIS capability. Capable of delivering required functionality.	Specifically designed for Highways and Property & Grounds assets. Requires additional design of specific functionality required to meet flood risk management's needs and align to the EA's AIMS system allowing equivalent asset condition assessments to be recorded and shared between LCC and the EA. This will increase the work required during implementation, therefore setup costs will be higher as a result.
KaarbonTech	In use within LCC for managing gullies and drainage. Strong GIS capability.	Specialised product for highways assets. Will need development for use as a flood management solution, requiring additional design of specific functionality to meet flood risk management's needs and align to the EA's AIMS system allowing equivalent asset condition assessments to be recorded and shared between LCC and the EA. This will increase the work required during implementation, therefore setup costs will be higher as a result.

Maximo	Strong asset register functionality. Highly configurable.	Enterprise level solution that contains functionality over and above that needed by the FRM team. Not specifically designed for flood assets so configuration will be more complex than other systems resulting in higher setup costs.
MIMS Ellipse	Robust, enterprise scale system used by major infrastructure owners.	Enterprise level solution that contains functionality over and above that needed by the FRM team. Not specifically designed for flood assets so configuration will be more complex than other systems resulting in higher setup costs.
Orchard	Currently used within LCC for management of Housing assets.	Focused on property management, not suitable for management of flood assets. Requires additional design of specific functionality required to meet flood risk management's needs and align to the EA's AIMS system allowing equivalent asset condition assessments to be recorded and shared between LCC and the EA. This will increase the work required during implementation, therefore setup costs will be higher as a result.
SAP	Enterprise level system used by major infrastructure owners.	Built around financial management requirements which makes changes to configuration restrictive for niche applications such as flood risk management. Requires additional design of specific functionality required to meet flood risk management's needs and align to the EA's AIMS system allowing equivalent asset condition assessments to be recorded and shared between LCC and the EA. This will increase the work required during implementation,

		therefore setup costs will be higher as a result.
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2.10. Of the systems considered above, AMX is the system that is most suited to the FRM team's requirements for the reason set out below.

2.11. AMX includes a module that has been specifically designed to meet the needs of Flood Risk Management. This includes the following functionality and therefore is the best match for the FRM teams requirements than the other off the shelf CMMS systems considered:

- **Comprehensive Asset Inventory Records** – capture all pertinent information about Flood Risk Assets and underpin the required Asset Register.
- **Asset Inspections** – schedule, record and analyse data from routine condition inspections including details of time, equipment and resources required for completion.
- **PSRA (Public Safety Risk Assessments)** – store all data from findings and schedule new installations, upgrades and repairs as required.
- **Incident Management** – log incidents, enable quick reference to relevant assets in the area including exact GIS mapping, historical incident logs, last inspection dates and condition scores.
- **Enforcement** – log land and asset ownership to support the enforcement of asset maintenance and log/record reported defaults/mis-use or incidents.
- **Manage Consent Applications** – quickly record and manage all Ordinary Watercourse Consent Applications for assets, including detailed locations and ownership of assets to enable accurate and regular monitoring.
- **Restriction Compliance** – outline all relevant activity restrictions in place for an asset to ensure no breaches occur in routine maintenance scheduling.
- Whole life cost analysis, financial planning and consolidated management reports.

2.12. In addition to the requirements of the CMMS system to manage FAS assets, the FRM team carries out a number of additional activities to manage the wider flood risk asset portfolio. These activities include:

- Planning Applications
- Surveys
- Incidents
- Correspondence
- Land registry enquiries
- CCTV inspections
- Hot spot rota inspections
- Concept reports

- 2.13 It is the long term intention that these activities are incorporated into the scope of the system used by the FRM team. These activities are currently being managed using an Access database that includes bespoke functionality designed to complement the FRM team's processes.
- 2.14 Whilst the priority is to implement AMX as a solution to manage the FAS assets, there is provision in this report to allow the development of the above functionality into the AMX solution. This will allow greater certainty of future costs and enable a review of AMX's ongoing suitability as the tool of choice for the FRM team.
- 2.15. The AMX software is used by a number of local authorities and natural environment managers. As LCC is an existing user of AMX, the software provider AMX Solutions is offering a discounted rate on user licenses if the flood risk module order was linked into the next LCC order.
- 2.16. The licences are currently due for renewal in August 2017.
- 2.17. AMX will be used by staff within the FRM team as part of their daily work flow. Whilst it is expected that 24 users will be required to use the system, the licence for the software is based on concurrent users. It is estimated that six licences with an additional 5 mobile licenses would be required to manage the FAS assets.
- 2.18. In addition to these licences, it is estimated that an additional 11 licences and 7 read-only licences are needed in order to transition the FRM team away from the current Access database used by the team and to develop AMX as the system to be used by the team in the future. Due to the current discount being offered, it is cheaper to buy these licences and renew next year than to buy them at full price in 2018. For comparison, the cost for using AMX for the three years at the full rate would be £130,030 and at the discounted rate would be £76,474.
- 2.19. The AMX software would form an essential part of the business processes related to the activities undertaken by the FRM team.

3. Main Issues

Reason for Contracts Procedure Rules Waiver

- 3.1. A CMMS is required to be in place when responsibility for the Leeds FAS assets transfers to LCC on 17th October 2017. Previous experience of the procurement process to purchase a new CMMS system has shown that this could take considerably longer than the time available.
- 3.2. Significant resources and time will be required in implementing a new software package on LCC IT systems, therefore it is necessary to utilise a system that has already been through an approval process for use elsewhere in LCC.
- 3.3. By packaging the purchase of AMX Flood Module licenses together with the next renewal of the licence for Bridge management, LCC will receive a 56% discount on standard license costs.
- 3.4. A single Asset Management system across Highways & Transportation provides consistency in the accessing and sharing of information across the service.

Consequences if the proposed action is not approved

- 3.5. A competitive tender would need to be undertaken before buying a CMMS software. There is significant risk that the procurement process will not be completed by the

required date of October 2017. There is an even greater risk that the required CMMS system will not be installed on LCC IT systems, users trained, data loaded and processes developed and testing completed so that the system is operational by the required by date.

- 3.6. If the above risks occurred it would mean that there would be no system to facilitate the planning, scheduling and recording of maintenance activities, potentially jeopardising guarantees and increasing the risk of assets failing.

4. Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This decision is primarily related to the support of service provision within Flood Risk Management, so no formal consultation has been undertaken.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The AMX software is not applicable for an Equality, Diversity, Cohesion and Integration Screening / Impact assessment to be undertaken at this time, as this report is seeking approval to renew an existing contractual licence agreement which will have no effect on existing end users. Although there will be new users and new functionality made available, the AMX software, as an existing LCC system has already been through Equality, Diversity, Cohesion and Integration Screening / Impact assessment.

4.3 Council policies and the Best Council Plan

- 4.3.1 Use of AMX software supports the FRM team in its contribution to the Council's Best Council Plan 2015-20 objectives. For example 'Promoting sustainable and inclusive economic growth' in flood risk assets by enabling monitoring and production of FAS asset management plans; and 'Becoming a more efficient and enterprising council' through effective data management in a centralised, accessible and re-usable way, and efficient document storage and retrieval.
- 4.3.2 The FAS assets are a vital component of the Leeds Local Flood Risk Management Strategy which support the Best Council Plan and are required to deliver the plans objectives. Ensuring these assets are managed correctly, are available for use and operate as expected during high profile flood events is therefore critical.

4.4 Resources and value for money

- 4.4.1 The software system was previously competitively procured and the supplier is offering discounted rates if purchased during the renewal of the current licence therefore this proposal represents value for money.
- 4.4.2 There will be resource implications related to creating data for initial population into the database and developing processes and procedures. This will be funded by the FAS project.
- 4.4.3 The initial set up cost will be met from the Leeds (River Aire) FAS project and the annual renewal fees will be met from the Highways and Transportation ICT budget 27804/214/00. The ICT User Group has endorsed the use of AMX by the FRM team.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The report is a significant operational decision and is not subject to Call In. There are no grounds for treating the contents of this report as confidential with the Council's Access to Information Rules.
- 4.5.2 The Appendix to the report is Exempt/Confidential under Access to Information Procedure Rules 10.4 (3). The public interest in maintaining the exemption in relation to the confidential Appendix outweighs the public interest in disclosing the information and financial details which, if disclosed would adversely affect the business of the Council and the business affairs of AMX Solutions.
- 4.5.3 Awarding the contract directly to AMX Solutions in this way could leave the Council open to a potential claim from other providers to whom this contract could be of interest. In terms of transparency, it should be noted that it is a requirement of European case law suggests that the Council should always consider whether contracts of these values could be of interest to contractors on other EU member states and, if they could, the opportunities should be subject to a degree of European wide advertising. It is up to the Council to decide what degree of advertising is appropriate. In particular, consideration should be given to the subject-matter of the contract, the estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices, etc.) and the geographical location of the place of performance.
- 4.5.4 The Chief Officer (Highways and Transportation), in approving this waiver acknowledges he has considered the nature of the services provided and due to the software's current deployment and the relatively low value of the contract, is satisfied that this opportunity would not be of interest to providers in other EU member states.
- 4.5.5 There is a risk of an ombudsman investigation arising from a complaint that the Council has not followed reasonable procedures, resulting in a loss of opportunity. Obviously, the complainant would have to establish maladministration. It is not considered that such an investigation would necessarily result in a finding of maladministration however such investigations are by their nature more subjective than legal proceedings.
- 4.5.6 Whilst making the decision, the Chief Officer (Highways and Transportation) should acknowledge the risks identified above.

4.6 Risk Management

- 4.6.1 Although there is no overriding legal obstacle preventing the waiver of CPR 8.1 and 8.2. In making their final decision, the Chief Officer (Highways and Transportation) should be satisfied that the course of action chosen represents Best Value for the Council.

5 Conclusions

- 5.1 This Asset Management system is required by the bridges section to produce information for forward planning. The Software incorporates Works Management, Prediction Models, Whole Life Costing, Asset Valuation and Decision Support for short and longer term Asset Management Planning.

- 5.2 The AMX software will provide a valuable tool in supporting and developing service delivery within FRM. It will form an essential element of key business processes needed to assure the availability and reliability of FAS assets and in the longer term all activities undertaken by the FRM team.
- 5.3 Given that there is no existing equivalent software in use by the FRM team that provides the functionality required for the management of FAS assets, this waiver will allow a solution to be put in place as quickly as possible whilst retaining best value.

6 Recommendations

- 6.1 The Chief Officer (Highways and Transportation) is requested to:
- i) waive Contract Procedure Rules 8.1 and 8.2 – Intermediate Value Procurements - and approve renewal of the existing licence agreement and the bridges module with AMX Solutions for three years at £7,200 per annum and to include the Flood module and licences for a first year cost of £59,171 and to renew annually for two years at a costs of £9,149 per annum without seeking competition;
 - ii) approve the additional expenditure of £59,171 in 2017/18 and £9,149 annually in 2018/19 and 2019/20 for the Flood module of the AMX software.

7 Background Documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.