

***Please note Part 2 report is now confidential appendix.***

## **London Borough of Enfield**

### **Portfolio Report**

**Report of: Mark Bradbury**

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**Subject: Asset Management System Project (*Atrium* Replacement)**  
**Cabinet Member: Cllr Maguire**

**Executive Director: Sarah Cary**

**Ward: All**

**Key Decision: PL 20.020 P KD5011**

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### **Purpose of Report**

1. This report seeks approval for the budget to replace and improve upon the Council's corporate Asset Management System (AMS). The current AMS, Atrium, will be discontinued in December 2021 by the supplier, Trimble. Atrium is used to manage the corporate property portfolio of c. 1100 assets including operational and commercial properties.
2. Atrium's functionality only delivers a limited asset management functionality and does not fulfil the range of requirements for effective and efficient Property Services, such as not being capable of demonstrating statutory compliance.
3. The AMS Project, a joint venture between Property Services and ICT, seeks to provide a robust AMS which will enable the Council to make the best possible decisions about its property portfolio and manage its properties in a way that is efficient, synchronised, and compliant.
4. Improving the AMS is essential to meeting the Strategic Asset Management Plan (SAMP) as agreed by Cabinet on 12<sup>th</sup> June 2019. It is also essential to implementing the Corporate Landlord Policy, as well as delivering compliant and accurate property accounting.

### **Proposals**

5. That the Cabinet Member:
  - Approves the replacement of the current Asset Management System with a new system to improve business processes and property information;
  - Approves the provision of new property drawings, as a requirement of Building Information Modelling (BIM);

- Approves the budget, resources (as set out in Appendix 1 and included in the approved Capital Programme), and the prioritisation of this project, with the understanding that it is also included in ICT's delivery pipeline (see appendices of the report for financial information); and
- Delegates the procurement method and the award of contracts associated with this project to the Executive Director of Place, in consultation with the Executive Director of Resources.

### **Reason for Proposals**

6. There are many benefits associated with the successful replacement of the current AMS with one that more fully meets business needs, as detailed in Section 5 Background – Aims & Objectives below.
7. Procuring a cutting-edge replacement system with a track record of success provides LBE with assurance and peace of mind. Such a system will enable Property Services to achieve its challenging new goals and aspirations as set out in the SAMP and the Corporate Landlord Policy.
8. The Council will have the tools it needs to improve the quality of LBE's property portfolio, to manage it compliantly and efficiently, and ensure opportunities for return on investment (ROI) are maximised.

### **Relevance to the Council's Corporate Plan**

#### **Good homes in well-connected neighbourhoods**

9. Corporate Property manages several residential properties and the new AMS will ensure LBE is able to provide a better service to the residents, through improved asset management and improved data on their neighbourhoods.

#### **Sustain strong and healthy communities**

10. Helping ensure Enfield is a good place to live and work, by providing the means of managing better the corporate property portfolio of offices, community centres, libraries, schools, parks, etc.

#### **Build our local economy to create a thriving place**

11. Improving the local economy by being better able to identify opportunities to utilise LBE's substantial property portfolio in a way that will benefit local businesses, as well as providing more opportunities to work or set up businesses in the area. The new system will also facilitate more effective asset management, helping to manage and maintain the condition and safety of its tenanted properties.

### **Background**

#### **Scope**

12. Atrium has been the main corporate asset management system for the last 5 years. Trimble, the supplier, have informed us that they are discontinuing it and are looking to withdraw support from December 2021. Atrium manages and maintains the details of each property in the corporate property portfolio of c. 1100 assets. This includes all the Council's operational assets, such as offices, libraries, youth and community centres. It also includes all commercial

investment assets, such as industrial and retail units. A replacement system is urgently required, not least because all the Council's statutory health & safety servicing contracts, such as gas safety checks, are managed through Atrium.

13. Atrium is the main system used across the Property & Economy directorate in both Strategic Property Services (SPS) and Corporate Maintenance & Facilities Management (CMFM). Its functionality includes:
  - Main database for all property information;
  - H&S Compliance monitoring and reporting (to meet Corporate Landlord Policy requirements);
  - Servicing contract management;
  - Reactive repairs and maintenance;
  - Contractor management;
  - Lease management;
  - Acquisitions and disposals; and
  - Facilities management.
14. However, Atrium currently does not provide many of the essential requirements of Property Services. For example, Atrium is used to manage all the servicing contracts, such as servicing boilers and water testing. It does not provide the functionality required to ensure and demonstrate statutory compliance. Most new AMS solutions do provide this functionality.
15. In addition, there are many gaps in the information held on properties, particularly floor plans and drawings. Where these do exist, they need to be updated. However, new AMS functionality is required to enable compliance with modern Building Information Modelling (BIM) requirements that have been set by central Government. BIM enables vastly better decisions to be made throughout the design, construction and operation of built assets.
16. The new AMS will be essential in achieving the Core Principles of the Strategic Asset Management Plan (SAMP) as agreed in the Cabinet Report of 12<sup>th</sup> June 2019, as well as the Corporate Landlord Policy and International Financial Reporting Standards (IFRS) accounting compliance.

### **Progress Update**

17. The AMS Project was first initiated by SPS in May 2018 to identify the replacement system that most meets business and budgetary requirements; as well as to manage procuring and implementing the system. It also seeks to ensure all opportunities to consolidate existing systems and replace legacy systems are explored.
18. A project manager/business analyst was allocated to the project. Their remit was to capture and scope user requirements. Workshops were carried out with stakeholders from across the Council including SPS, CMFM, Property Finance, ICT, Procurement, Highways, and the Energy Team. Based on initial analysis from stakeholder workshops, an initial scope for the project and high-level business requirements has been produced.

19. Following the ICT's Gateway Review Group (GRG) in August 2019, a Discovery Phase was completed to confirm our technical and functional requirements. The overall project budget was presented to the Capital Finance Board in July 2019 and has been included in the 2020/21-2029/30 10-year Capital Programme.

### **Indicative Timeline**

20. Atrium's supplier, Trimble, has informed SPS that it will be discontinuing to support Atrium in December 2021. However, they have agreed to continue a basic support service during implementation of the new system. This will enable Property Services to continue to run the high-risk servicing contracts until April 2022 on Atrium whilst a new system is introduced and allow any initial troubleshooting issues to be resolved.

### **Aims and Objectives**

21. The overarching aim of the project is to ensure the new business processes and system enable Property Services to achieve its challenging new goals and aspirations; improve the quality of LBE's property portfolio, manage it compliantly and efficiently, and ensure opportunities for return on investment (ROI) are maximised.

22. General objectives:

- The new AMS must provide for all the functions currently delivered by Atrium. Opportunities to consolidate and replace existing and legacy systems will also be explored.
- It must be provided in a timely manner prior to the current system being discontinued in December 2021.

23. The new AMS must provide the functionality necessary:

- To deliver the objectives and requirements of the SAMP;
- To implement the Corporate Landlord Policy ensuring compliance across the Council's corporate property estate; and
- To allow financial accounting compliance through aiding accurate valuations for capital and end-of-year property accounting to comply with accounting standards including the new IFRS 16 (lease accounting).

24. To exploit the full benefits of this project, it would be necessary to produce replacement asset drawings and asset data to modern industry standards (BIM, and to consider 3D versus 2D plans). This will enable us to improve our data sets and provide information more accurately and allow for better decision-making throughout the design, construction and operation of built assets.

25. The AMS will be single source for asset information, along with ICT's common data environment (CDE) – probably SharePoint – to maintain constant up-to-date and accurate information on properties. This will improve data resilience and capital accounting.

## **Main Considerations for the Council**

### **26. More details of how the new AMS will help achieve the Core Principles of the SAMP**

As mentioned above, the new AMS will be essential in achieving the Core Principles of the Strategic Asset Management Plan (SAMP) as agreed in the Cabinet Report of 12<sup>th</sup> June 2019. The most obvious principles requiring an appropriate, supported AMS are:

- “Hold a live **Asset Register held in Asset Management and GIS Data Systems** that are accurate, comprehensive, modernised, accessible, and transparent,” (SAMP Core Principle 13) and
- “Hold **live Asset information** that can be easily and simply reported/communicated and properly used to strategically optimise asset management as well as respond to enquiries from Members and the public.” (SAMP Core Principle 14)

### **27. Other Core Principles of the SAMP that a new, cutting edge AMS will help LBE achieve include:**

- Meets ICT’s technical requirements and legal requirements, particularly regarding security and GDPR;
- Procure a system that is a cutting-edge market leader with a proven track record of success in other local authorities, and that delivers a good ROI;
- Easy access to property information for other services, enabling departmental interoperability, improving all the Council’s services that make use of LBE’s properties;
- Increasing income and reducing expenditure on the Council’s property assets; and
- Optimising assets to meet the Council’s Corporate Plan.

## **Public Health Implications**

28. LBE will need an asset management system not only to understand how assets may be managed to improve health but also to discharge its legal requirements.

## **Equalities Impact of the Proposal**

29. Corporate advice has been sought regarding equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report. However, it should be noted that the any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

## **Risks that may arise if the proposed decision and related work is not taken**

**30. If an adequate AMS (one that meets LBE’s essential business requirements) is not implemented in a timely manner prior to the current system being discontinued by the supplier, then:**

- LBE will not fulfil the requirements of its Corporate Landlord Policy and be able to demonstrate statutory compliance;
- LBE may not be able to manage its properties safely and effectively; and

- The well-being of those using LBE buildings could be put at unnecessary additional risk.

Mitigation:

- SPS began working on this project as soon as it was made known to them by Trimble that it intended to discontinue the current system;
- The Project Team are working with colleagues in ICT, Transformation and Procurement to ensure the project is proceeds efficiently; and
- The Project Team have explained the risks associated with the project to all the key stakeholders to ensure it is given sufficient priority.

**31. If sufficient ICT resources are not put in place and the project is not prioritised appropriately in ICT's challenging pipeline of work, then:**

- The deadline for replacement determined by the supplier (December 2021) may not be met due to project delays;
- The quality of the system might not be high enough to meet business requirements;
- The business processes might not be re-aligned to the new system and good ROI not realised; and
- Day-to-day resources may be impacted affecting the ICT and Property Services.

Mitigation:

- The supplier has agreed to continue to support Atrium until April 2022 to allow for any delays in replacement;
- ICT have been engaged in the project from the outset to ensure they are able to prioritise and plan for the project effectively;
- The required funding to supply the ICT resources needed has been included in the estimated project budget; and
- A Discovery Phase has been carried out to ensure the project is properly understood by ICT, and they can supply appropriate resources.

**32. If adequate property accounting data and functionality is not provided, then:**

- The property budgets may not be consolidated accurately;
- LBE will be unable to meet the core principles of the SAMP, including to "strategically optimise asset management as well as respond to enquiries from Members and the public"; and
- Appropriate financial lease management functionality not being provided would mean LBE will not be compliant with the new IFRS 16 Regulations.

Mitigation:

- Working with Finance to get a consolidated picture of property budgets outside of the existing Atrium system to act as a temporary / backup solution until new AMS is implemented; and
- Finance have been engaged in the specification and requirements gathering to date.

**Financial Implications**

33. Please see appendices.

## **Legal Implications**

34. Section 111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The AMS is required to enable the Council to carry out its functions, including its statutory obligations under the Health and Safety at Work etc. Act 1974. In addition, the Localism Act 2011 provides the Council power to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles.
35. The procurement of the AMS must be carried out in accordance with the Council's Contract Procedure Rules ('the CPRs') and, due to the value of the contract, must meet the requirements of the Public Contracts Regulations 2015. A framework is one of the options being considered, and the use of frameworks is permitted under the CPRs provided the P&C Hub has approved the framework, it demonstrates best value, and any call-off contract is in accordance with the framework terms. The resultant contract with the chosen AMS provider must be in a form approved by Legal Services on behalf of the Director of Law and Governance.

## **Property Implications**

36. These are covered in the report itself.

## **Other Implications**

### **ICT Implications**

37. The existing Atrium product is at the end of its lifecycle, so any product selected must fit with the strategy to rationalise applications. The application(s) that are procured will be required to meet all ICT standards, including security, information governance, integration and align with the Digital Strategy for self-service and this will then need to be brought into day-to-day support. This includes that all IT applications and enterprise are managed either within or by the IT service. Without identifying the new products, then IT are unable to provide further implications on the change to the Enterprise.
38. Please see appendices for ICT cost breakdown.

### **Corporate Procurement Implications**

39. Procurement of the replacement AMS must be undertaken in accordance with the Council's Contract Procedure Rules (CPRs) and the Public Contracts Regulations (2015).
40. A business case must be taken to the Procurement and Commissioning Review Board to approve the route to market. This must be done with the involvement of a Procurement and Commissioning lead officer.
41. The award of any contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.

42. Any awarded projects must be promoted to Contracts Finder to comply with the Government's transparency requirements.

### **Health and Safety Implications**

43. The Council has a duty of care and a responsibility to provide a safe environment for staff, tenants, contractors, visitors and all those who live work or play in Council buildings. The duties to ensure are more specifically described under the Health and Safety at Work etc. Act 1974 (HASAWA). Section 4 duties apply to the Council as it confers obligations on those who provide non-domestic premises or plant in the premises. To any extent that a person has control of such premises, the duty under Section 4(2) is to take such measures as is reasonable for a person (the Council in this case) in his position to take to ensure, so far as is reasonably practicable, that the premises, plant, and the means of access and egress, are safe and without risk to health.
44. This is a general duty, so although there are specific statutory obligations under secondary legislation which are easy to specify there are requirements whereby the Act creates obligations to ensure maintenance, servicing, safe plant, machinery and premises across all our assets (some determined by risk assessment).
45. Current systems do not facilitate demonstrable and evidential management systems for the purposes of readily ensuring compliance for all assets. It is not possible to ascertain global compliance across the Council; this could result in failure to comply with HASAWA Section 4.
46. A system that can provide the Council with the status of compliance to health and safety requirements on all assets is required. If the system can then support this it will add to the surety, regarding health and safety provided from a defined Corporate Landlord policy.

### **Performance and Data Implications**

47. Data and reporting functionality are crucial to determine the solution for any new system. Workshops will be held to look at reporting and data needs and all solutions will be looked at as to how they can support Enfield to become data driven, crucial will be the ability to integrate with other systems across the Council, including performance systems such as Pentana.

### **Options Considered**

48. An options appraisal was carried out and several alternative options were considered, and these included:

#### **Do nothing**

49. This is not possible because the supplier, Trimble, are discontinuing the current AMS, Atrium in April 2021. Without a supported system to manage corporate properties, including all the H&S servicing contracts, the Council cannot achieve or demonstrate statutory compliance, nor can it adequately ensure the safety of those that use its buildings.

### **Utilise Council Housing's AMS - Apex**

50. There are many areas of overlap between the functionality required by corporate property and that of Council Housing's asset management team. Thus, it was agreed that Council Housing's current AMS Apex should be explored as a replacement for Atrium. A demonstration of Apex was carried out by the supplier Rowanwood for members of Corporate Property Services in January 2019. There were many aspects of the system that would meet the needs of Property Services, however, there were some fundamentally notable gaps; the biggest one being the lack of a commercial estates management module. This is essential for the work of SPS, particularly regarding the management of acquisitions, leases and disposals. Rowanwood did offer to explore the possibility of building a bespoke estates management module. In considering this option, the costs of the resources required to explore this were prohibitively high and the total costs of this venture unknown. Subsequently, the decision was taken that it would be better to procure a system with a known track record of success, particularly due to the tight timeframe involved in this project.

### **Utilise Apex but with a separate Estates Management System**

51. The possibility of using Apex with a separate estates management system was explored. However, the complexity, costs and risks associated with having to integrate and synchronise the systems, made this option less viable than procuring a complete system appropriate to the needs of Property Services.

### **Bespoke system creation**

52. This would be extremely timely and costly and carries high risk as there would be no track record of successful use elsewhere. This would put an even greater pressure on ICT's resources and put at risk their pipeline of projects. In addition, would require specialists to maintain the solution with increased overheads to the Council. It is also unlikely it could be delivered before the current system is discontinued by the supplier

## **Conclusions**

53. A new AMS is vital as without a supported system to manage our corporate properties, including all the H&S servicing contracts, we cannot achieve or demonstrate statutory compliance, nor can we ensure the safety of those that use our buildings adequately. This would be impossible without the approval of the budget required as detailed in this report and appendices.

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## **Appendices**

CONFIDENTIAL APPENDIX A: Budget and Cost Information

CONFIDENTIAL APPENDIX B: AMS Business Case and Associated Appendices

## **Background Papers**

No documents have been relied on in the preparation of this report.