

Report to Council

Subject: Waiver of Contract Standing Orders – upgrade of Leisure Management System

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1. Purpose of the Report

To request a waiver of Contract Standing Orders to enable the Council to enter into a new contract to upgrade the current leisure management software in the 5 leisure centres.

2. Background

- 2.1 In 1994 Gedling Borough Council purchased software to administer the day to day running of the 5 leisure centres. In 2004 the software was replaced and supplied by a company called Flex Systems which resulted in the leisure centres moving on to their new software, which is still in place today.
- 2.2 The existing software is no longer supported by the supplier Omnico (the company which bought out Flex Systems in 2013) as they seek to move all existing customers over to their new windows based software called ClarityLive. Omnico will cease to support the Leisure Flex system from the end of 2014.
- 2.3 On Tuesday April the 8th 2014 Microsoft stops providing security updates for Windows XP. This means that its continued use massively increases the risk of infection by computer viruses. As the current Leisure Flex system will not work on Windows 7, a temporarily work around has been put in place. The remaining XP PCs will have their web access blocked and other protections out in place. This situation is not sustainable and should be resolved as soon as possible. In addition, if it is not resolved before September 2014 it will cause problems with the Public Services Network Code of Connection compliance (PSN CoCo), making it more difficult or impossible for GBC to remain compliant.

- 2.4 The Council's Contract Standing Orders require tenders to be invited where the estimated value, or amount, of a proposed Contract exceeds £50,000. Exemption from this provision may be made by direction of the Council where it is satisfied that the exemption is justified in special circumstances. Such a waiver cannot be given where the contract value exceeds the E.U. threshold unless an exemption is available under the E.U. Procurement Regulations.
- 2.5 The purpose of the Council's Contract Standing Orders is to:
- achieve value for money
 - be consistent with the highest standards of integrity
 - ensure fairness in the allocation of contracts
 - ensure compliance with legal requirements
 - prevent fraud and corruption
 - protect the interests of the Council and its employees.
- 2.6 The value of the contract for upgrade and ongoing maintenance costs in this case exceeds £50,000, but falls under the E.U. threshold (currently in excess of £170,000) therefore tenders should be invited in accordance with Contract Standing Orders 4, 5, 6, 7, 8 or 9.

3. Proposal

- 3.1 The proposal is to upgrade the existing leisure management software to the new version of the software provided by the existing supplier under a new agreement.
- 3.2 Consideration has been given to procuring brand new software from a new supplier, following a competitive tender exercise. Indicative quotes for installing new software based on a tender process are in the region of £120,000 which is considerably more than the capital investment needed to upgrade the existing software. Moving to a brand new supplier and software would also incur additional costs due to the significant amount of work required by GBC leisure staff, as it would require a number of contracted staff being taken out of their day jobs for a period of approx. 3 months (incurring costs in the region of £43k for 5 members of leisure staff)
- 3.3 If the Council fails to upgrade to new software, it would put the operation of GBC leisure facilities at risk. Should the current software stop working it would mean no way of customers booking activities and no way of accounting for attendances or managing finance. The leisure centres would have to revert to using a paper based system which is inadequate given the daily usage figures across the sites (in the region of 3,000 attendances per day and £4,000 income taken through the tills at reception).

- 3.4 Council is therefore asked to waive Contract Standing Orders to enable Officers to enter into a new contract with Omnico for 3 years, after which an ongoing annual negotiation should take place. This proposal ensures the future proofing of the systems required to run the leisure centres and eliminates the risk posed by the current obsolete system. It also delivers the most cost effective solution and gives the Council future flexibility in managing the leisure centres.

4. Resource Implications

- 4.1 A quote of £70,000 has been received from Omnico to upgrade the existing leisure management software to the new ClarityLive software.

The quote includes the software and its installation, training, project management and where necessary hardware (which cannot be sourced directly by GBC). This is contained within the current approved capital programme budget for 2014/15 of £80,000.

However as no other company can provide an upgrade to the existing ClarityLive product, there is no alternative but to purchase the upgrade from Omnico

The ongoing annual maintenance cost of £20k is contained within the current approved revenue budget.

5. Recommendation

It is recommended that: Council agrees to waive Standing Orders to enable a new contract to be entered into with Omnico.