

PART 2 – CONFIDENTIAL FACTS AND ADVICE

LFC Number LFC-0683y

Title: Procurement for the Supply of Diesel and Biofuel for Strategic Reserve Storage Tanks

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Governance Team for advice.

This information is not for publication because:

Publication of the information included in this report is deferred as its disclosure would be likely to prejudice the commercial interests of the London Fire Commissioner (LFC).

Legal recommendation on the grounds of keeping the information confidential:

In the event the information contained in this Part 2 report is the subject of a request for information under section 1 of the Freedom of Information Act 2000 (the “Act”), it is considered that access can be denied on the basis that such information constitutes exempt information under:

Section 43(2) of the Act on the basis that the information in this report includes information which is exempt information if its disclosure under this Act would, or would be likely to, prejudice the commercial interests of any person (including the public authority holding it).

Public Interest Assessment

At present, on balance, it is considered that the public interest is best served if the information is not disclosed at this point.

The Information Commissioner has recognised that a wide range of commercial information relating to ongoing procurement activity may be covered by this exemption. In this instance the information in this Part 2 report includes information in relation to future procurement plans for a contract for the supply of diesel fuel and the Commissioner’s financial position in relation to the procurement.

The recommended period for non- publication of the part 2 report is 30 June 2022 to allow for the completion of that procurement and contract award process.

Legal Adviser - I make the above recommendations that this information should be considered confidential at this time

Name: Hameera Darr

Date: 02/03/2022

Confidential decision and/or advice:

Introduction and background

Recommended decision

For the Deputy Mayor

That the Deputy Mayor for Fire and Resilience authorises a commitment to spend £976,000 in order that the London Fire Commissioner can enter into a supply of diesel for strategic storage tanks contract for two years following a Crown Commercial Services (CCS) procurement process (Further Competition) from summer 2022 following the CIB decision which is currently scheduled to be in May 2022.

For the London Fire Commissioner

This is set out in the part 1 report.

- 1.1 The previous total spend over two years (2019/20 -2020/21) was £814,000 with Certas Energy. The price of fuel fluctuated throughout the contract and was updated on a weekly basis by the Purchasing Unit following an update from CCS by email. This price comprised of the commodity cost of diesel, the fixed supplier margin, and CCS fixed fee for managing the framework.

Financial comments

- 2.1 The report notes the actual spend in previous years as below:

Financial Year	Actual Spend (£000's)
2021/22	390 (estimated)
2020/21	258
2019/20	556

The contract value is based on the actual spend with Certas Energy (from 2019/20 to 2020/21) totalling £814,000 and includes an estimated 10% increase in costs for RPI and price fluctuations over the life of the contract, and an estimated figure to reflect the circa 10% higher costs for option to move to Hydrogenated Vegetable Oil (HVO) giving an overall 20% higher estimated contract value of £976,000. The figure of £814,000 was used as these are actual spend figures rather than the estimated spend figures for 2021/22. This report recommends the estimated contract expenditure of £976,000 for the years 2022/23 and 2023/24 is approved.

- 2.2 The Fire Stations budget for fuel is a single budget line of £1,500,000 per annum that covers both diesel for tanks at stations and fuel card transactions at retail suppliers. As set out in 2.1 above the estimated contract expenditure for diesel strategic reserve storage tanks only has been budgeted at £976,000 over two years which equates to an average cost of £488,000 per annum. This is expected to be covered within the existing budgets.
- 2.3 The part one report notes at paragraph 2.4 that a Further Competition against the CCS Framework took place in January 2022 that identified a preferred bidder for contract award

expenditure under this contract will be monitored against the estimated value of £976,000. If the estimate is exceeded during the two years of the contract given the current volatility of fuel, then another report will be prepared seeking approval to revise the contract value. Any increase that cannot be contained within existing budgets will require additional savings to be sought to meet the additional budget pressure.

Legal Comments

Legal comments are set out in Part 1 and in this Part 2 report.