

PART 2 – CONFIDENTIAL FACTS AND ADVICE

DMFD168

Title: 8 Albert Embankment/Lambeth Fire Station – Investment and Maintenance

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 Information Governance team for advice.

This information is not for publication until the stated date, because: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).

Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed:
31 December 2022

Legal adviser recommendation on the grounds for not publishing information at this time:

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 that 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 projected spends which could adversely affect bids when tendered in the building services industry and the Commissioner's financial position in relation to the procurement.

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

Name:

Date:

Once this form is fully authorised, it should be circulated with Part 1.

Confidential decision and/or advice:

Capital funding requirement

Indicative remedial costs on current fabric defects as informed by technical consultants (subject to further intrusive survey outcomes) are estimated to be in the region of £1,000,000. As the full scope and outcome of intrusive surveys is work in progress, it is recommended that a 20 per cent contingency uplift is applied – resulting in an estimated capital requirement of £1,200,000. This commitment requires agreement of a capital funding strategy to optimise financial planning as part of LFC's capital programme.

This funding requirement has not been subject to a growth bid or budgeted as part of LFC's capital programme.

Capital funding strategy

The capital funding strategy proposal provides for the following:

- The opportunity for recovering LFC costs for remedial works as part of the wider negotiations on a revised development agreement.
- Re-profiling the existing commitment within the current Capital Programme provided for the refurbishment of Lambeth River Station. The current LFC-authorized spend for this project is £3,800,000 based, on the pre-tender estimate. Due to various risks and issues arising since the LFC decision resulting in an agreed change in scope for the project, there is the opportunity to reprofile the required funding to support the fabric remedial works required, pending further decisions regarding Lambeth River Station refurbishment project.

Revenue costs and future requirement

As noted in Part 1 of the report, to date London Fire Brigade's (LFB's) Property department has incurred £80,000 of revenue costs to assure the health and safety of the former headquarters building, which includes scaffolding/netting and propping installation; pavement licence; hire costs; and weekly checks. It should be noted that to continue this assurance, further revenue costs, pending the completion of structural remedial works required in 2022-23, will be required. This will be at a cost of £47,000 per annum and are included as an unexpected additional revenue cost in addition to the capital costs above. Meeting this commitment will impact on the maintenance budget available to undertake other planned maintenance works across the estate.

Financial comments

This report recommends securing capital expenditure of £1,200,000 for remedial costs on fabric defects for the former headquarters building. If the costs are met through external borrowing, this will incur capital financing costs of £80,000 per annum for repayment of the borrowing, based on 15 years' useful life; and interest costs of £30,000 per annum based on an interest rate of 2.5 per cent.

These funds are already in the capital programme and can be contained in the existing budget. The cost of the works, at £1,200,000, will be contained within the existing capital programme budget of £3,800,000 allocated to Lambeth River Station, leaving £2,600,000 for the remaining costs for the river station refurbishment in the capital programme which the Project Board has confirmed is sufficient for the re-scoped River Station.

The proposal is for LFB to fund this through borrowing; however, LFB anticipates that the investment in the listed building will result in a positive impact on the value of the 8 Albert Embankment development scheme as the developer would no longer be required to invest in the building fabric to this extent.

The report also includes an additional £47,000 cost per annum for scaffolding hire, licence and weekly inspections. This cost will be contained within the existing property maintenance budget from 2022-23. The report also notes that revenue expenditure of £80,000 has also been incurred to assure the health and safety of the 8 Albert Embankment site, which has been contained within LFB's maintenance budget.

Appendix

Part 2 of report LFC-0690