



LONDON FIRE BRIGADE

LFC-23-124

Property Compliance and Audit (C&A) Provision update

Report to:

Date:

London Fire Commissioner (by email)

Deputy Mayor Fire and Resilience (by email)

Report by:

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Report classification:

For decision

For publication

PART ONE

Executive Summary

This report requests that the London Fire Commissioner (LFC) commit revenue expenditure up to the amount in the Part Two report for the provision of compliance and audit services. This will assist the LFC in ensuring its estate is safe and statutorily compliant.

Expenditure of £909,977 for a 4-year contract was originally approved in LFC decision 23-040. Following a procurement exercise, it has been determined that additional expenditure is required above this amount. The additional expenditure will be drawn from the current budget utilised for this provision.

For the London Fire Commissioner

The London Fire Commissioner (LFC) delegates authority to the Assistant Director of Property and Technical Service Support to commit revenue expenditure of up to the amount set out in the Part Two of this report.

1. Introduction and background

- 1.1 Expenditure of £909,977 for a 4-year contract was originally approved in LFC decision 23-040. Following a procurement exercise, tenders received exceeded the approved amount. To mitigate the impact of the increased costs, clarifications were raised with the bidders to better understand costs and find efficiencies. The specification of services included was also reviewed to reduce the services required and the associated costs.
- 1.2 The reduction in scope relates to statutory compliance monitoring and restriction to certificate auditing to the major service elements only. This reduces the level of independent assurance being delivered with the remaining certificates being spot-checked by LFB staff.
- 1.3 The contract price was subsequently reduced however it remains in excess of the approved financial provision within LFC 23-040. The additional cost of implementation, which is set out in the Part Two report, will be funded from within the existing property budget.

2. Objectives and expected outcomes

- 2.1 The objectives and outcomes of the proposed expenditure are as set out in LFC-23-040.

3. Equality Comments

- 3.1 The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This

in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.

- 3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include steps to take account of disabled persons' disabilities.
- 3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to:
- tackle prejudice
 - promote understanding
- 3.8 Equality implications are as set out in LFC-23-040. There are no new equality implications arising from the revised proposal.

4. Other considerations

Workforce comments

- 4.1 Workforce implications are as set out in LFC-23-040.

Sustainability comments

4.2 Sustainability implications are as set out in LFC-23-040.

Procurement comments

4.3 Procurement implications are as set out in LFC-23-040.

Communications comments

4.4 Communications comments are as set out in LFC-23-040.

5 Financial comments

- 5.1 As set out in LFC-23-040, the report requests approval to commit revenue budgets for the provision of statutory Compliance & Audit professional services across the LFB estate. The cost for this will be met from existing LFC annual budgets.
- 5.2 The detailed financial information to support this request is contained within Part 2 of the report.
- 5.3 Should it become necessary, it is expected any annual inflationary increases within the procurement period will be based around the Retail Price Index (RPI). It is expected that the contingency would be utilised to account for any inflationary increases.
- 5.4 All LFC contractual inflationary increases are reviewed on an annual basis. The LFC budgets for inflation on an item-by-item basis, and the LFC will review those assumptions as part of its budget process for 2024/25. If inflation rates are above current assumptions a resulting budget increase will need to be submitted as part of LFC's annual submission to the Mayor's GLA Group budget process and/or the contract will need to be reviewed to assess whether it is possible to reduce the annual cost via a reduction in service. If inflationary increases result in in-year financial pressures, this will be reported on as part of regular financial reporting and met through the use of the Budget Flexibility Reserve.
- 5.5 LFC standard terms and conditions include clauses on indexation and termination that can be utilised if inflationary pressures affect the performance of the contract. If a contract is no longer viable then LFC will seek to terminate it on this basis or work with suppliers to pause delivery and/or renegotiate what is being delivered. This is preferable to inserting a break clause for inflation as such pressures apply across the market so it is unlikely that benefits will be gained from terminating a contract in order to go back out for competition.
- 5.6 There are no direct financial implications for the GLA.
- 5.7 Further financial comments are set out in the part two report.

6 Legal comments

- 6.1 Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the

manner in which the holder of that office is to exercise his or her functions.

- 6.2 By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor").
- 6.3 Paragraph (b) of Part 2 of the said direction requires the Commissioner to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...". The decision to approve expenditure up to the value set out in Part 2 of the report for the provision of Compliance and Audit services, will therefore require approval from the Deputy Mayor.
- 6.4 The General Counsel notes that the procurement of the new contract shall be conducted in accordance with the Public Contracts Regulations 2015 and the LFC Standing Orders.
- 6.5 The statutory basis for the actions proposed in this report is provided by section 5A of the Fire and Rescue Services Act 2004, under which the LFC, being a 'relevant authority', may do 'anything it considers appropriate for the purposes of the carrying out of any of its functions'.

Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

Is there a Part Two form: YES