

PART 2 – CONFIDENTIAL FACTS AND ADVICE

DMFD179

Title: Award of contract for the supply of lease cars

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This information is not for publication until the stated date, because: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 as the expected costs of the lease car contract is commercially sensitive ahead of the procurement process.

Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed:
31 May 2023

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

In the event the information contained in this Part 2 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. Disclosure by the LFC would be likely to have a detrimental effect on the LFC's position and related commercial interest regarding the expenditure incurred for the supply of lease car contract.

The eligibility of these exemptions should be reassessed in the event of a request under the Act for this information as the level of sensitivity will change over time and different circumstances may alter the arguments in favour of non-disclosure.

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

Name: Katherine Davis

Date: 23 January 2023

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

Confidential decision and/or advice:

Part 1 of this report sets out the background for the request to the Deputy Mayor for Fire and Resilience to authorise the LFC to commit revenue expenditure of up to £3,765,417 plus inflation over three years for the purposes of procuring and entering in a contract for the supply of lease cars.

The contract term of three years is in order to align with the individual three-year lease agreement terms. The contract will include options to extend for a further two one-year terms. Any extension over the initial three-year term would be subject to an additional governance process to agree the additional spend. The contract will commence as soon as possible upon approval of this decision, expected to be February 2023.

The consideration of future lease car costs is considered commercially sensitive ahead of the procurement process and is set out in this Part 2.

Financial comments

The revenue total cost of the lease car agreement is estimated to be £3,765,417 over a three-year period based on current annual budget of £1,255,139. This available budget will remain at the same level next financial year as part of 2023/24 LFC approved budget.

The option to increase by a further 2 x 1 years will be subject to additional governance approval.

The LFC provides an annual subsidy (currently £5,265 and is index linked) towards the total annual rental for each lease. If the total annual rental exceeds the annual subsidy the remainder is met by the officer (monthly contribution).

The estimated total cost of £3,765,417 will cover the same services reported in 2022/23 financial year as detailed in the table below showing the assigned budget for each service:

Service	Allocated budget – Financial year 2022/23 (£)
Windscreen & Tyres	8,500
Inspections (delivery & return)	3,250
Road Tax (yearly increases)	1,750
Lease Car Insurance	305,777
Lease Car Charge (finance rental and maintenance)	926,462
Excess Mileage Charges	9,400
Total Available to finance Car Lease agreement per annum	1,255,139

The table above demonstrates that there is enough funding to accommodate the estimated annual cost of £1,255,139. It is confirmed the LFC subsidy contribution is funded from this annual budget within the Lease Car Charge allocation. This procurement is required to keep within the available budget as there is no additional budget provision to mitigate any unplanned expenditure.

With regard to non-pay inflation: all LFC contractual inflationary increases are reviewed on an annual basis. The LFC budgets for non-pay inflation on an item-by-item basis, and the LFC will review those assumptions as part of its budget process for 2023/24. 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. The Budget Flexibility Reserve has a forecast balance of £17,100,000 as at the end of the 2022/23 financial year.

Confidential Appendices and supporting papers:

Part 2 of Report LFC-0665y - Award of contract for the supply of lease cars