

## PART 2 – CONFIDENTIAL FACTS AND ADVICE

**DMFD200**

### **Vision Mobilising Contract Extension**

*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#### **This information is not for publication until the stated date, because:**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 2023.

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

In the event the information contained in this Part Two and/or its appendix 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).

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

**Name:** Katherine Davis

**Date:** 12 June 2023

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

#### **Confidential decision and/or advice:**

As set out in part one of this decision, the London Fire Commissioner seeks the approval of the Deputy Mayor for Fire and Resilience to commit expenditure of up to £4,255,909 to extend the existing contract with Secure Solutions and Services (SSS) by a final two years, to run until July 2026 and to undertake a technical refresh of the mobilising infrastructure.

The figure of £4,255,909 is based on a total cost of £4,134,197 plus a contingency sum of £121,712 which represents 10 per cent of the cost of the technical refresh. This contingency is included to take

account of potential variations in exchange rates and/or price fluctuations in software costs from Microsoft.

The costs of all work are expected to be met from within existing LFB budgets.

The breakdown of the costs is shown in the table below:

	2023/24 (£)	2024/25 (£)	2025/26 (£)	Total (£)
Contract Cost	972,360	1,458,540	486,180	<b>2,917,080</b>
Technical Refresh	608,559	486,847	121,712	<b>1,217,117</b>
Contingency	60,856	48,685	12,171	<b>121,712</b>
<b>Total Cost</b>	<b>1,641,774</b>	<b>1,994,071</b>	<b>620,063</b>	<b>4,255,909</b>
Less Income	61,412	92,118	30,706	<b>184,237</b>
<b>Total Contract Cost</b>	<b>1,580,362</b>	<b>1,901,953</b>	<b>589,357</b>	<b>4,071,672</b>
Budget	1,312,025	1,968,038	656,013	<b>3,936,076</b>
<b>Net Position</b>	<b>-268,337</b>	<b>66,085</b>	<b>66,656</b>	<b>-135,596</b>
<i>Service Credit Agreed with Supplier</i>	<i>249,889</i>	<i>This is expected to be recognised in the 2022/23 financial year, resulting in an underspend in 2022/23</i>		

## Financial comments

The objective of this report is to secure authorisation to extend the existing contract for the Vision mobilising system with SSS by a final two years, to run until July 2026 and to undertake a technical refresh of the mobilising infrastructure at a total revenue cost of up to £4,255,909 from August 2023.

The annual cost of the service is the same as the current provision, £1,458,540. The cost of the technical refresh (recommended Option 1c, as set out in the Appendix, report LFC-23-039) is £1,217,117 to be paid in three instalments over the three financial years as detailed in the table above. A 10 percent contingency on technical refresh cost has been incorporated. Under the terms of the contract LFC is to provide first line support services to SSS at an annual value of £92,118.

Across the length of the contract there is a shortfall of £135,596. However, a service credit of £249,889 has been agreed with the supplier which will result in an underspend in the 2022/23 financial year. LFB plans to transfer the £249,889 underspend from the 2022/23 financial year be into LFB's ICT development reserve to cover this shortfall. Any residual funds will be returned to the general reserve at the end of the contract extension.

As a result, the cost of the contract will be contained within LFB's existing ICT Budget for this service.

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 future years. 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 £17.7 million

as at the end of the 2023/24 financial year, reflecting the revised 2022/23 outturn position (£24.8 million), budgeted drawdowns per the 2023/24 Budget Report (£6.3 million), and further commitments of £750,000 made in DMFD199.

LFC standard terms and conditions include clauses on indexation and termination that can be utilised in the event that 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.

## **Appendices**

- Part 2 of report LFC-23-039