

LONDON FIRE BRIGADE

PART TWO

Confidential facts and advice

Vision 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 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This information is not for publication because: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) as the expected costs of the extension of the existing Vision Contract with Secure Solutions and Services and undertaking a “technical refresh” of the mobilising infrastructure is commercially sensitive.

Legal recommendation on the grounds of keeping the information confidential:

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).

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 purposes of extending the existing Vision contract and undertaking a “technical refresh” of the mobilising infrastructure.

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.

The recommended period for non-publication of Part 2 is December 2023

Legal Adviser

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

Name: Natasha Singh	Date: 21 March 2023
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Confidential decision and/or advice

Introduction and background

This report seeks approval to extend the existing contract with Secure Solutions and Services by a final two years, to run until July 2026 and also to undertake a technical refresh of the mobilising infrastructure.

The total cost of these activities is expected to cost no more than £4,255,909

The above figure is based on a total cost of £4,134,197 plus a contingency sum of £121,712 which represents 10 percent 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 is expected to be met from within existing 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	2,917,080
Technical Refresh	608,559	486,847	121,712	1,217,117
Contingency	60,856	48,685	12,171	121,712
Total Cost	1,641,774	1,994,071	620,063	4,255,909
Less Income	61,412	92,118	30,706	184,237
Total Contract Cost	1,580,362	1,901,953	589,357	4,071,672
Budget	1,312,025	1,968,038	656,013	3,936,076
Net Position	-268,337	66,085	66,656	-135,596
<i>Service Credit Agreed with Supplier</i>	249,889	<i>This is expected to be recognised in the 2022/23 financial year, resulting in an underspend in 2022/23</i>		

Objectives and expected outcomes

The objective of this report is to secure authorisation to extend the use of the Vision mobilising system by two years. If agreed, this will allow Brigade Control to continue operate as they do at present with Vision, whilst a project to replace the mobilising system completes by 2026.

However, to extend the contract for a further two years the London Fire Commissioner (LFC) has been advised that there will need to be a technical refresh of the mobilising infrastructure. There are two sets of costs associated with the contract extension, the costs of the contract extension itself and the cost of a technical refresh.

- Full details of the options considered in relation to the technical refresh and associated costs and risk are set out in confidential Appendix *Vision – Contract Extension - Appendix A”

- A full option cost breakdown supplied by SSS is contained in confidential Appendix “Vision – Option Cost Breakdown - Appendix B”
- Details of the supporting risk assessment is set out in confidential Appendix – “Vision – Risk Assessment – Appendix C” (to follow)

Financial comments

The objective of this report is to secure authorisation to extend the existing contract for the Vision mobilising system with Secure Solutions and Services 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) is £1,217,117 to be paid in three instalments over the three financial years as detailed in the table above. A 10% 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 transferred into the ICT development reserve to cover this shortfall. Any residual funds will be returned the general reserve at the end of the contract extension. As a result the cost of the contract will be contained within the 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 £7.3 million as at the end of the 2023/24 financial year as per the 2023/24 Budget Report.

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.

Legal comments

Legal comments are set out in part 1 of this report.

Confidential appendices and supporting papers

Vision - Contract Extension - Appendix A

Vision - Option Cost Break Down - Appendix B

Vision - Risk Assessment - Appendix C