

PART 2 – CONFIDENTIAL FACTS AND ADVICE

DMFD147

Title: Premises Asset Replacement Works for Projects in 2022-23 and 2023-24 – London Fire Brigade Estate

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This information is not for publication until the stated date, because: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:
1 January 2024.

Legal recommendation on the grounds of keeping the information confidential:

In the event the information contained in this Part 2 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 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. 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 on the asset replacement works.

The eligibility of these exemptions should be reassessed in the event of an FOI request 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:

Date:

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

Confidential decision and/or advice:

Introduction and background

The Deputy Mayor has previously approved a capital budget up to £7,337,000 for premises asset replacement works across the London Fire Brigade (LFB) estate for the financial years 2022-23 and 2023-24 (first report – Deputy Mayor for Fire and Resilience Decision 120). This is the second report, which the appendix to the first report (report LFC-0533y) stated would follow once more detailed stock condition survey work had been done. It is seeking approval for a further budget of £6,273,000 to be allocated for premises asset replacement works through the reprofiling of the existing overall capital programme. The LFB capital budget is anticipated to be largely funded from external borrowing.

The LFC now seeks to commit a further £6,273,000 (including a 10 per cent contingency allowance for each project) for agreed asset replacement works as set out in Appendix 1 (report LFC-0614 – Appendix B).

The total value of the projects for 2022-23 and 2023-24 is £6,273,000 as shown in Appendix 1 (report LFC-0614), Appendix B Table 1. Of the £6,273,000 figure, subject to the Deputy Mayor giving approval, £3,248,000 can be found from within the LFB Property Services minor capital improvement budget. This budget is intended for works of this nature. The total amount available in the minor capital improvement budget (for 2022-24) is £5,488,000; this would reduce to £2,240,000 after reprofiling. It should be noted that the minor capital improvement budget was recently increased by the savings achieved from projects in 2021, for example, the Erith and East Ham roof projects.

Financial comments

It should be noted that all figures quoted in this report are net of VAT, i.e. they do not include VAT. It is not included as the LFC is able to reclaim VAT on expenditure. It is important to remember this and add on VAT (currently 20 per cent) to the budget value when tendering, so that the correct amount is compared to the newly updated procurement thresholds which changed on 1 January 2022 and has now increased materially to £5,336,937 (calculated to include VAT).

This second report is being presented now that the condition survey review has been completed and the outcome is known. It has identified that a further budget of £6,273,000 for premises asset replacement works is required in addition to the original budget of £7,337,000, which was approved as set out above.

LFC's Property Services department holds a minor capital improvement budget which is intended for works of this nature. The capital programme already includes the resources required (£6,273,000). £3,248,000 has already been identified within the minor capital improvement budget across the three years up to 2023/24. The rest can be found from available budgets within the overall programme to meet the requirements of the asset replacement and enhancement works (as set out in the appended report LFC-0614 (Appendix B, Table 1a). The funding will come from the Roofing Replacements budget (£1,300,000); the Window Replacements budget (£970,000) the Station Rewires budget (£305,000) and the Heating replacement budget (£450,000) totalling £3,025,000. The update to the programme will therefore require no overall increase in the capital programme and a reprofiling of the spend will be carried out for the three years if approved.

The capital budget is anticipated to be largely funded from external borrowing. The debt charges for the £6,273,000 will be £575,000 per annum, of which the minimum revenue provision cost is £418,000 based on an average asset life of 15 years; and the interest cost is £157,000 based on a rate of 2.5 per cent. The debt charges for the overall capital programme are already included in future years' revenue budgets as part of the Medium-Term Financial Strategy, and so there will be no impact on future revenue budgets as a result of this update.

Appendix

Report LFC-0614 – Premises Asset Replacement Works for Projects in 2022-23 and 2023-24 – London Fire Brigade Estate – Paper No 2