

PART 2 – CONFIDENTIAL FACTS AND ADVICE

DMFD237

Procurement for the supply of fuel cards for the use of fire appliances at public forecourts

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This information is not for publication until the stated date, because: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:

12 July 2024

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

In the event the information contained in Part 2 of this report 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, based upon the information provided by the London Fire Commissioner (LFC) and General Counsel for the LFC, that access can be denied on the basis that such information constitutes exempt information under section 43(2) of the Act. This is 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.

The Information Commissioner has recognised that a wide range of commercial information relating to ongoing procurement activity may be covered by this exemption. In this instance the information in this Part 2 report includes information in relation to future procurement plans for a contract for the supply of fuel using Fuel Cards and the Commissioner's financial position in relation to the procurement. Disclosure by the LFC would therefore be likely to have a detrimental effect on the LFC's position and related commercial interest regarding the expenditure incurred for the purposes of this contract.

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

Name: Stephen Fernandes-Owen (TfL Legal)

Date: 7 May 2024

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

Confidential decision and/or advice:

This report requests that the Deputy Mayor for Fire and Resilience (Deputy Mayor) authorises the London Fire Commissioner (LFC) to commit revenue expenditure of up to £3,195,245 for the provision of fuel cards, for a contract duration of two years.

This is an ongoing requirement. For the last 12 months, London Fire Brigade (LFB), via the current contract arrangement, purchased 1.1 million litres of fuel at an aggregate cost of £1,468,103.

The total spend over 2022-23 and 2023-24 was £2,904,769 with the current supplier, Allstar Business Solutions. Based on this historic spend value, and a 10 per cent uplift to factor in potential market movements, the estimated contract value for 2024-25 and 2025-26 is £3,195,245 (rounded off). As this is an estimate based on historical market pricing and usage, the final figure may vary. If the contract value is going to breach this figure in its lifetime, additional approval will be sought in line with LFB's Scheme of Governance.

The new contract will last two years. The table below shows the value of the fuel purchased via the current fuel cards contract during the past two years.

Table 1 – Expenditure on fuel cards 2022-2024

2022-23	£1,436,665
2023-24	£1,468,103
Total	£2,904,769
	10% uplift
Revised total	£3,195,245

The Deputy Mayor previously gave approval for the LFC to commit expenditure of £6,500,000 in Deputy Mayor for Fire and Resilience Decision (DMFD) 29, for the LFC to award a five-year contract for fuel cards and associated services to Allstar Business Solutions.

Financial comments

Fuel cards are used to purchase the fuel required for fire appliances; this is ultimately charged to budgets held by individual fire stations. The report sets out the contract arrangements that seek to ensure value for money in fuel purchases when compared to buying on the open market in public forecourts. The estimated contract value is based on recent purchasing history, and represents a continuation of current activity levels with a 10 per cent market volatility contingency.

Fuel budgets held by fire stations are set to meet the costs of both fuel purchased through the cards, and fuel for the strategic reserve storage tanks, which are subject to a separate DMFD (DMFD238) seeking approval for the LFC to commit expenditure to procure a contract.

A summary of the estimated financial value of both contracts against the planned fire stations fuel budget is set out below. While the estimated combined contract costs are in excess of planned budget, it should be noted that actual costs will depend on market prices at the point of purchase, and the level of fuel required for operational purposes.

This will be monitored during 2024-25, and any identified budgetary pressure reported at the earliest opportunity to inform management action. This includes identification of any offsetting savings from within the wider fire stations budget. Should offsetting savings not be identified, additional budget pressure would need to be funded from the Budget Flexibility Reserve, reducing the reserve flexibility in future years. As set out in the 2024-25 Budget Report, the forecast balance on the Budget Flexibility

Reserve at 31 March 2025 is £8.8m.

A review for inflation will also be undertaken as part of 2025-26 budget planning.

Table 2 – Estimated value of contracts and against fire stations fuel budget

		2022-23 £	2023-24 £	2024-25 £	2025-26 £	Total estimated two- year contract £
Fuel cards	Annual cost based on current purchasing	1,436,666	1,468,103	1,452,385	1,452,385	2,904,769
	Market price contingency [10%]			145,238	145,238	290,477
	[A] Total estimated contract value			1,597,623	1,597,623	3,195,245
Storage tanks	Annual cost based on current purchasing	337,827	527,974	432,901	432,901	865,801
	Market price contingency [10%]			43,290	43,290	86,580
	Biodiesel/HVO uplift			170,000	170,000	340,000
	[B] Total estimated contract value			646,191	646,181	1,292,381
	[C] Overall total estimated contracts value			2,243,814	2,243,814	
Fire stations fuel budget	2023-24 base Budget		1,910,000	1,910,000	1,910,000	
	2024-25 budget growth (HVO roll-out)			170,000	170,000	
	Total annual budget – fire stations fuel			2,080,000	2,080,000	
Potential budget pressure in 2024-25 if maximum contract values reached				163,814		

Part 1 of the report explains that the price per litre (ppl) is the discounted forecourt price. This fluctuates as it is based on the wholesale market price. The ppl for 2022-23 and 2023-24 is shown in Table 3 below.

Table 3 – Price per litre expenditure on fuel cards in 2022-23 and 2023-24

Financial year	Total spend (ex VAT)	Total litres purchased	Average ppl
2022-23	£1,436,665	947,283	£1.52
2023-24	£1,468,103	1,121,062	£1.31
Total	£2,904,769	2,068,346	£1.40

List of appendices

Appendix 1 - Part 2 of report LFC-24-042