

LONDON FIRE BRIGADE

# PART TWO

## Confidential facts and advice

### 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 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This information is not for publication because: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).

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.

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.

The recommended period for non-publication of Part 2 is 12/07/2024

Legal Adviser

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

Name: <b>Thomas Davies</b>	Date: <b>27/03/2024</b>
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# Confidential decision and/or advice

## Executive Summary

That the Deputy Mayor for Fire and Resilience authorises the London Fire Commissioner to commit revenue expenditure of up to £ 3,195,245 for the provision of Fuel Cards, for a contract duration of 2 years.

The London Fire Commissioner agrees that £3,195,245 be allocated from the existing Fire Station Fuel Budget for the purpose of fuel card provision for the new contract term of 2 years

## Introduction and background

This is an ongoing requirement and the LFB, via the current contract arrangement, purchased 1.1m litres of fuel at an aggregate cost of £1,468,103 for the last 12 months.

The previous total spend over 2022/23 and 2023/24 financial period was £2,904,769 with the current supplier - Allstar. Based on this historic spend value and a 10% uplift to factor in potential market movements gives an estimated contract value for the 24/25 and 25/26 financial years of £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 then additional approval will be sought in line with the Brigade's Scheme of Governance.

The new contract will have a contract term of 2 years. The table set out below shows the value of the fuel purchased via the current fuel cards contract during the past two years.

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

## Financial comments

Fuel cards are used to purchase the fuel required for fire appliances that 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% market volatility contingency.

Fuel budgets held by Fire Stations are set to meet both the costs of fuel purchased through the cards, and that for the strategic reserve storage tanks, which are subject to a separate report seeking approval for the LFC to commit revenue expenditure (Deputy Mayor for Fire

and Resilience Decision 238).

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 the 2024/25 financial year and any identified budgetary pressure reported at the earliest opportunity to inform management action, including identification of any offsetting savings from within the wider Fire Stations budget. Should offsetting savings not be identified then additional budget pressure would require to be funded from 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.

		2022/23	2023/24	2024/25	2025/26	TOTAL Estimated 2 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
	<b>[A] TOTAL Estimated Contract Value</b>			<b>1,597,623</b>	<b>1,597,623</b>	<b>3,195,245</b>
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>[B] TOTAL Estimated Contract Value</b>			<b>646,191</b>	<b>646,191</b>	<b>1,292,381</b>
	<b>[C] Overall TOTAL Estimated Contracts Value</b>			<b>2,243,814</b>	<b>2,243,814</b>	
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	
	<b>TOTAL Annual Budget - Fire Stations Fuel</b>			<b>2,080,000</b>	<b>2,080,000</b>	
	<b>Potential budget pressure in 2024/25 if maximum contract values reached</b>			<b>163,814</b>		

## List of Appendices

### Appendix 1

Financial Year	Total Spend (Ex Vat)	Total Litres Purchased	Average Price Per litre
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