

PART TWO

Confidential facts and advice

Water Supply Contract

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This information is not for publication because: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).

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 in relation to the procurement of water supply services.

The recommended period for non-publication of Part 2 is up to 31 October 2024 when the procurement process is completed.

Legal Adviser

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

Name: Natasha Singh	Date: 14 May 2024
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Confidential decision and/or advice

1. Introduction and background

- 1.1 The water supply contract is an essential service to provide potable water to all LFB premises, to ensure the health and welfare of the occupants, and to enable operational and training tasks to be undertaken. The current water supply contract with Wave is due to expire on 27 October 2024. This contract was for a two and half-year term.
- 1.2 Water usage across all LFB premises amounts to around 91 million litres. The recommended contract is within the current LFB budget for water and includes additional strategic services. This contract will provide the data and management required to assist with the strategy's implementation and determine where and when savings can be made.
- 1.3 Since the baseline year of 2020/21, reductions were achieved each year until 2022/23, but an increase of 8% was experienced in 2023/24. Overall, since the baseline year 2020/21 a reduction of 9% has been achieved to the end of 2023/24. The water supply industry is known for the lack of automated metering, with many bills produced based on estimated readings. This makes tracking costs challenging. LFB are working with the retailer and wholesaler to provide a more accurate billing method to enable easier tracking of costs during the contract term. In addition, a process has been put in place to ensure accurate meter reads are taken regularly, which is fed back to the supplier to produce more accurate billing and enable easier tracking of costs. Separate to this contract, a trial of smart devices linked to water meters is also being implemented, which will provide accurate consumption data which can be used for billing.
- 1.4 The approved budget for water and sewage services is £332K for 2024/25. The budget has been based on the actual spend for 2023/24, which was £276K, with an allowance for increases in both the wholesale and retail markets, and a contingency for use. Thames Water, LFB's wholesale supplier, announced an increase of 8.2 %, in line with the water industries regulating body OFWAT for 2024/25. This is above the RPI increase applied to the budget, however with an allowance for a 5% reduction in consumption due to planned interventions, the forecast spend of £997K over the 3-year contract term is expected to be sufficient.
- 1.5 It is recommended that the new contract is awarded to the successful supplier under the NEPO framework, commencing on 1 November 2024, and completed at the end of October 2027.

2. Objectives and expected outcomes

- 2.1 The aim is to ensure a water supply contract is put in place that provides value for money and added value through improved service which incorporates continuous improvement using developing technology, monitoring, and reporting.
- 2.2 That the Deputy Mayor for Fire and Resilience authorises the London Fire Commissioner to commit revenue expenditure of up to £997,000 for the provision of water supplies for the term of the contract. The contract would commence on 28 October 2024, and end on the 31 October 2027.

- 2.3 The London Fire Commissioner agrees to commit revenue expenditure of up to the amount set out. This is cost neutral to London Fire Brigade (LFB) and will be contained in the Property Budget.

3. Financial comments

- 3.1 This report seeks authority to commit revenue expenditure of up to £997,000 for the provision of water supplies for the term of the contract. The contract is three years long and is expected to start on 28 October 2024 and end on 31 October 2027.
- 3.2 The annual budget for this service is set at £332,421 for the 2024/25 financial year under the Property Department within the Corporate Services Directorate. Therefore, the full £997,000 across the three-year period will be covered from existing budget allocations.
- 3.3. Should it become necessary, it is expected that any annual inflationary increases within the procurement period will be based around the Retail Price Index (RPI). It is expected that the contingency would be utilised to account for any inflationary increases.
- 3.4 All LFC contractual inflationary increases are reviewed on an annual basis. The LFC budgets for inflation on an item-by-item basis, and the LFC will review those assumptions as part of its budget process.

4. Legal comments

- 4.1 Please see Part One report for legal comments

5. Confidential appendices and supporting papers

None