

PART 2 – CONFIDENTIAL FACTS AND ADVICE

DMFD230

Title: Property Compliance and Audit Provision (update)

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This information is not for publication until the stated date, because:

The figures included in this report are directly related to the amount of funding available to complete a procurement action, this is sensitive as suppliers tendering could adjust their prices higher to utilise more of the budget available.

Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed:
1 January 2025.

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

In the event the information contained in this Part 2 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 may be denied on the basis that such information constitutes exempt information under section 43(2) of the Act.

Section 43(2) of the Act provides an exemption from disclosure where the release of such information would, or would be likely to, prejudice the commercial interests of any person (including the public authority holding it).

Here, it is considered that disclosure by the LFC of the information contained in this part 2 report, which is commercially sensitive, would be likely to have a detrimental effect on the LFC's commercial position in the procurement of the equipment management system detailed in this report, and therefore, would impact adversely on obtaining best value which is not in the public interest.

Publication is recommended once the equipment management system has been completed with the supply chain.

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

Name: TfL Legal

Date: 19/12/2023

Confidential decision and/or advice:

This report requests that the Deputy Mayor for Fire and Resilience authorises the London Fire Commissioner (LFC) to commit revenue expenditure of up to £1,149,218 over a four-year contract period (three year term with an option to extend for a maximum of 12 months) for the provision of compliance

and audit services.

Previously, Deputy Mayor for Fire and Resilience Decision (DMFD) 201 approved expenditure of £909,977 over four years on these services. The reasons for the proposed increase are set out in Part One.

Budget

The contract services are set out under five key areas below. The proposed division of these services between core and additional services enables the contract services to remain within the department budget despite the context of high-cost inflation. It is expected that additional value in the form of continuing professional development and industry research will also be provided by the supplier.

Service Element (allowing 3% PA increase)	Year 1	Year 2	Year 3	Year 4	Total
Statutory Compliance Monitoring	£116,115	£119,598	£123,186	£126,882	£485,781
Commercial Auditing on Quotations	£67,278	£69,296	£71,375	£73,516	£281,465
Building Fabric and M&E Condition Surveys	£61,302	£63,141	£65,035	£66,986	£256,464
Technical Site Auditing	£15,000	£15,450	£15,913	£16,391	£62,754
Technical Support	£15,000	£15,450	£15,913	£16,391	£62,754
Total	£274,695	£282,935	£291,422	£300,166	£1,149,218

Finance comments

This report requests approval to commit £1,149,218 of revenue expenditure towards the procurement of a Compliance & Audit (C&A) services contract. The new contract will run for three years, starting in February 2024 with an option to extend for a further twelve months maximum.

The estimated four-year cost of the contract is £1,149,218 as set out above which includes a 3 per cent estimated annual inflation totaling £50,438 across the four-year period.

The budget allowance for the service is £245,198 per annum or £980,072 over the four-year period.

The additional contract cost of £117,988 (excluding inflation) over the four-year period will be covered from within existing departmental revenue budgets.

Should it become necessary, it is expected 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.

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, including the £50,438 identified above.

Appendix

Part 2 of report LFC 23-124 – Property compliance and audit (update)