

PART TWO

Confidential Facts and Advice

Operational Equipment Management System

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This information is not for publication because:

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.

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:

The content of this report is commercially sensitive and could prejudice the conduct of the LFB in their duty to secure best value. Publication is recommended once the equipment management system has been completed with the supply chain.

The recommended period for non-publication of Part 2 is twelve months.

Legal Adviser

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

Name: Nimi Amaso	Date: 04/12/2023
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Confidential Decision and/or Advice

1. Introduction and background

- 1.1 The purpose of this paper is to provide confidential supplementary information to part one of the Operational Equipment Management System paper, to seek approval to commit to spend £638,689 for the procurement and contract of an equipment management system.
- 1.2 In addition to the London Fire Brigade reports regarding inventory and equipment management a MOPAC report 'Review of Thematic Review of Operational Equipment' – June 2021, has also been produced which highlights the same health and safety and efficiency concerns highlighted by the Brigades own reports.

2. Objectives and expected outcomes.

- 2.1 As per the expected outcomes outlined in paper one of this report, the aim of the project is to procure a solution that will enable the brigade to mitigate the significant health and safety risks identified. This will align the Brigade to practices currently utilised across other emergency services and FRS'. It will also enable the brigade to become more efficient in the management and use of assets, how they are maintained, delivered, and stored.

3. Budget

- 3.1 It is estimated that the investment required with external suppliers to introduce the new system and operate it for the first five years of the contract, including introduction and roll out costs, would be £638,689 - as per Option 3 on the table below. The investment required will cover the software development costs, subscription costs, scanning hardware, internal resource and roll out costs.
- 3.2 It is proposed that the investment required is drawn from the operational equipment budget held by Technical Service Support as the system will be utilised to manage operational equipment and the related processes of the equipment across the brigade. The ongoing expenditure relating to subscription fees and servicing will be met by this budget going forward.

3.3 The estimated total costs for the establishment and first five years contract are as follows:

Ref	Task/Item	Budget (LFC-23-006)	Option 1		Option 2		Option 3	
		Total Costs (£)	Total Costs (£)	Variance	Total Costs (£)	Variance	Total Costs (£)	Variance
1	Software/System Build	£29,000.00	£39,420.00	-£10,420.00	£37,230.00	-£8,230.00	£36,135.00	-£7,135.00
2	Hardware	£170,000.00	£274,652.19	-£104,652.19	£193,913.83	-£23,913.83	£187,573.54	-£17,573.54
3	Asset Tagging & Roll Out	£123,000.00	£168,545.00	-£45,545.00	£144,220.00	-£21,220.00	£144,220.00	-£21,220.00
4	Legal/Consultancy Support	£40,000.00	£40,000.00	£0.00	£40,000.00	£0.00	£0.00	£40,000.00
5	Contingency	£24,000.00	£48,261.72	-£24,261.72	£37,536.38	-£13,536.38	£0.00	£24,000.00
6	Licencing	£108,000.00	£270,760.00	-£162,760.00	£270,760.00	-£162,760.00	£270,760.00	-£162,760.00
		£494,000.00	£841,638.91	-£347,638.91	£723,660.21	-£229,660.21	£638,688.54	-£144,688.54
		INITIAL AWARD	£673,093.91		£579,440.21		£494,468.54	
		SEPARATE AWARD	£168,545.00		£144,220.00		£144,220.00	
			£841,638.91		£723,660.21		£638,688.54	

It is expected that over the first five years of operation the solution could result in spending savings relating to equipment and through greater efficiency in logistics miles. The estimated saving for the equipment budget that could be achieved by the change would equate to an eight percent saving

per annum, being £68,946 per year, and commence in the financial year after the roll out would be completed. This estimate is based on the previous findings of officers from fleet in locating stored items of equipment on station that had been stockpiled.

3.4 The payback period for the system will therefore be at seven years post roll out. It is therefore recommended that the option to extend the system by up to two years be included within the contract documentation to enable to brigade to mitigate re-tendering costs if the solution is operating effectively. It may be achievable to secure further savings, with opportunities being clarified once greater market engagement can be completed.

3.5 Within the business case internal resourcing costs have also been accounted for, for the purposes of Brigade review.

3.6 At the end of the contract period, procurement would be required in the usual manner, It is important that the contract specification is not customised to the point that this results in limitations on re-procurement to engage a new supplier, the investment required would be reduced to an on-boarding fee relating to transferring from one system to another, and differing subscription fees for software licenses. It is expected that all hardware asset, tags and data would be transferable to a new system and would continue to be serviceable beyond the initial contract.

4 Financial Comments

4.1. The request to fund a new Operational Equipment Management System at a revenue cost of up to £638,689 – Option 3 from the table above - over a period of five financial years from 2023/24 to 2027/28 will be met from the existing annual revenue budget under the Technical Service Support department.

4.2. The contracts cost of up to £494,00 & £144,220 will be earmarked across the relevant financial years in line with the contracts start date – as per the table below.

		2023/24	2024/25	2025/26	2026/27	2027/28	
	Option 3	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Investment + License Fees	494,469	280,489	53,495	53,495	53,495	53,495	494,469
Asset tagging & Roll Out	144,220		144,220				144,220
Total	638,689	280,489	197,715	53,495	53,495	53,495	638,689

5 Legal Comments

5.1 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.

5.2 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).

5.3 Here, it is considered that disclosure by the LFC of the information contained in this part 2 report 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.