



LONDON FIRE BRIGADE

## PART 2 – CONFIDENTIAL FACTS AND ADVICE

**LFC-0715y**

**Title: Plumstead Fire Station - Refurbishment and Extension Cost Uplift – Part 2**

*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### **This information is not for publication because:**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 contents of this paper are commercially sensitive and include costs submitted by tenderers. Other elements of the paper relate to information that was previously identified as commercially sensitive in LFC-0256X.

### **Legal recommendation on the grounds of keeping the information confidential:**

In the event the information contained in this Part 2 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 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).

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 expenditure plans for building works and the Commissioner's financial position in relation to that building contract. The exempt information would disclose the Commissioner's financial position and budget in relation to the contract to the contractor and other former bidders and would prejudice the operation of contract award negotiations. It is therefore submitted that this information should be exempt from publication until the building contract is signed and this governance process has concluded.

**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. Disclosure by the London Fire Commissioner (LFC) would be likely to have a detrimental effect on the LFC's position and related commercial interest regarding the expenditure incurred on the Plumstead works contract.

The eligibility of these exemptions should be reassessed in the event of an FOI request for this information as the level of sensitivity will change over time and different circumstances may alter the arguments in favour of non-disclosure.

The recommended period for non- publication of Part 2 is nine (9) months.

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

**Name:** Karen Boother

**Date:** 11 May 2022

**Confidential decision and/or advice:**

For the Deputy Mayor

That the Deputy Mayor for Fire and Resilience authorises the London Fire Commissioner to commit additional capital expenditure of up to £803,078 for the refurbishment and extension of Plumstead Fire Station. Bringing the total approved project budget to £6,998,078.

For the London Fire Commissioner

The London Fire Commissioner agrees that an additional £803,078 be reallocated from the 2024/2025 unallocated fire stations refurbishment budget line, for the purpose of refurbishing and extending Plumstead Fire Station.

**1 Introduction and background**

- 1.1 The purpose of this paper is to provide confidential supplementary information to part one of the Plumstead Fire Station – refurbishment and extension cost uplift paper and to seek approval to raise the budget approved by LFC 0256x of £6,195,000, by £803,078, to a total approved project budget of £6,998,078 of capital expenditure.

**2 Recommended tender cost impact**

- 2.1 Following the evaluation of submissions for the construction works relating Plumstead Fire Station extension and refurbishment, the preferred bidders' costs have been identified as £5,983,294.

2.2 As a result the funding shortfall between the total project costs and the upper limit of the approved budget is £803,078.

#### **2.2.1 Considerations**

2.2.2 In reaching a decision on the best way forward property consulted with the project board and stakeholders in order to ensure the proposal limited the risk exposure of the brigade with regard to further cost inflation. As a result, Property have taken the actions as outlined below.

### **3 Actions taken**

- 3.1 In response to the options available and the risks posed to the Brigade, Property Services have taken the following action with the agreement of the project board.
- 3.2 The project team took action throughout the design of the project to value engineer the proposals. In response to the current budget challenge the consultants and property have agreed reductions in the consultant delivery team and associated fees to reduce the funding request. Temporary gym facilities have also been removed from the scheme and an alternative method of provision identified that removes the need for spend on this item.
- 3.3 There are cost attributable to the inclusion of an Air Source Heat Pump on the scheme. It has been agreed that funds from the carbon reduction programme should be utilised to install this element of the project.
- 3.4 In addition, it was agreed that approval be sought to uplift the capital project budget by £803,078.
- 3.5 To allow the project to enter into contract for the construction works, without committing the LFC beyond the existing approved budget, Property Services agreed with the preferred contractor that certain elements of the works will be temporarily descoped to bring the contract award in line with the existing approved budget.

### **4 Conclusions and recommendations**

- 4.1 Property Services and the project board recommend that the decision is approved to increase the project budget by £803,078 to bring the total project budget to £6,998,078. It is proposed that the budget uplift be funded by utilising unallocated budget funding currently programmed in for the 2024/2025 budget.
- 4.2 It is recommended that this decision be taken as urgently as possible so as to reduce the LFC's risk exposure to increasing prices as far as reasonably practicable.

### **5 Uplift finance proposal**

- 5.1 To afford the uplift in budget it has been agreed with finance that the unallocated fire station refurbishment budget, held in the 2024/2025 financial year capital works programme will be allocated to the Plumstead project.
- 5.2 Currently this capital budget has an allocation of £900,000 for the financial year 24/25, the uplift required will result in this budget line being reduced to £96,922.
- 5.3 The additional expenditure is estimated to occur in the 2024/2025 financial year.
- 5.4 Once the funding is in place the contract sum will be increased to reflect the full scope of works, at this point the costs for the works will be fixed mitigating further risks in price inflation. Additionally, Frankham cost consultants will remain engaged with the project to monitor and manage the main contracts cost submissions to ensure applications for payment are in line with expectations and do not exceed the approved budget.

### **6 Financial comments**

- 6.1 This report is requesting approval to raise the budget approved by LFC 0256x of £6,195,000, by £803,078, to a total approved project budget of £6,998,078 of capital expenditure.
- 6.2 The March 2022/23 approved capital programme includes £900k in 2024/25 Minor Improvement Programme budget which can be used to cover the cost of this proposed uplift.
- 6.3 The capital costs of £803,078 will incur annual capital financing costs of £54,000 for the provision to repay debt (Minimum Revenue Provision) based on a 15-year asset life and £20,000 for interest per annum at a forecast rate of 2.5%.
- 6.4 If this option is approved, there will be no increase in capital financing costs for the current capital budget as it has been included within the revenue budget in the 2024/25 Budget Submission.

## **7 Legal Comments**

As above and as contained in the Part I report

**Confidential Appendices and supporting papers: N/A**