

PART 2 – CONFIDENTIAL FACTS AND ADVICE

DMFD152

Title: Procurement of Support Contract for Core Business Applications

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This information is not for publication until the stated date, because:

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).

Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed: 1 June 2022.

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).

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 LFC would be likely to have a detrimental effect on the LFC's position and related commercial interest regarding the expenditure incurred on the procurement of the support for core business applications.

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.

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

Name: Justine Curry

Date: 15/3/22

Once this form is fully authorised, it should be circulated with Part 1.

Confidential decision and/or advice:

Introduction and background

The London Fire Commissioner (LFC) seeks to approval to commit capital and revenue expenditure up to £6,000,000 to procure a new development, support and maintenance contract for the systems listed in

paragraphs 4 and 5, of the Part 1 report, for a 10-year period from February 2022: the first five years fixed and then an option to extend for a further five5 years.

The costs are split between capital and revenue. The capital costs of £3,117,000 are associated with the re-development of systems which are treated as assets. The revenue costs of £2,883,000, including a 4 per cent assumption on indexation are associated with the ongoing support and maintenance of the system.

Financial comments

This report requests authority to retender for the development, maintenance, and support of the London Fire Brigade (LFB) specialist core software business systems that have been developed to address specific LFB business needs for a five-year period from February 2022, with the option to extend by a further five years. These systems include Appliance Workload App; LFB Diary; Business Sheet, Incident Command Log; Incident Management System; Individual Training Record; Operational Risk Database; Personal Development Plan; Personal Development Record; Staff Attendance Recording System; Training Course Planner (TCP); training; and Fire Survival Guidance. The report notes that this will require commitment of capital and revenue expenditure of up to £6,000,000 for the 10-year period (five years with an option to extend by five years) from February 2022, based on existing spend. The rationale for the capital is set out in above, as the redevelopment would result in a “new” asset that qualifies as capital expenditure, the financing of which is set out in paragraph 3.5 below.

Total revenue costs are estimated at £2,883,000 including a 4 per cent assumption on indexation across the 10-year period. The current year 2021-22 budget allocation is £222,000 with a 4 per cent growth proposal being included in the Mayor’s draft budget 2022-23 to reflect estimated inflationary costs. Therefore £230,880 will be available, subject to agreement by the Assembly, for 2022-23. If this agreement is not forthcoming (although officers believe this scenario is very unlikely), there will be an immediate pressure on LFC’s revenue budget that will need to be resolved via the use of in-year underspends, reserves or finding compensatory savings. The LFC’s quarterly monitoring will immediately highlight if this area of the budget is overspending requiring corrective action to be taken.

Overall capital costs are estimated to be £3,117,000 incurred across three years from 2023-24. Currently, LFC’s capital programme includes an ICT budget of £1,550,000 in 2023-24; £1,075,000 in 2024-25; and £492,000 in 2025-26, totalling £3,117,000 for the three-year period.

The total capital cost of £3,117,000, will therefore be contained within LFC’s agreed capital programme. If this project is funded by external borrowing, it will result in average debt charges of £461,115 per annum, being £389,625 (minimum revenue provision to fund the repayment of the principal of the loan) and an average annual interest of £71,490 at 2.5 per cent for an eight-year period. The revenue cost impact of the capital expenditure has been incorporated in 2022-23 budget process as part of the medium-term financial plan.

Appendix

Report LFC-0643 – Procurement of Support Contract for Core Business Applications