

PART 2 – CONFIDENTIAL FACTS AND ADVICE

DMFD263

Title: Scientific Services Procurement

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This information is not for publication until the stated date, because: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 report contains information which is commercially sensitive.

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

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

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 to protect the commercial interests of the London Fire Commissioner by keeping information about its budget confidential until any procurement exercise has completed. The recommended period for non-publication of Part 2 is up to 01 April 2025, when the procurement process is to be completed.

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 for the scientific services contract.

The eligibility of these exemptions should be reassessed in the event of a request under the Act 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 up to 1 April 2025, when the procurement process is to be completed.

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

Name:

Date:

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

Confidential decision and/or advice:

Part one of this report sets out the background to the request to the Deputy Mayor to authorise the London Fire Commissioner (LFC) to commit revenue expenditure of £8,320,000 (the amount required once efficiencies as detailed below have been achieved) for the provision of Scientific Services for a period of five years.

Objectives and expected outcomes

To explore the possibility of generating savings, the Invitation to Tender (ITT) was split into two lots. Lot 1 requested pricing with a 24/7 blue light service and Lot 2 requested pricing for standard hours blue light service. Since the initial tender process, additional meetings have been held with the single bidder to probe budget allocation and identify further cost efficiencies.

The ITT deadline was the 10 January 2025, and LFC received two bids from one supplier - Bureau Veritas UK Ltd (BV); who are currently the incumbent. The 24/7 blue light service was originally costed by BV at £8,500,000, and the standard hours were costed at £8,320,000 over a five-year contract. The difference in prices between the two initial lots received is £36,000.00 per year. Through negotiations and identified savings efficiencies, the cost for 24/7 services was reduced to match that of the original standard hours bid. Please refer to Appendix A for a price breakdown which details efficiencies achieved as outlined below.

Due to the reasons explained in Part One, this report seeks the approval to award the full contract for Lot 1 to BV for a period of five years, which is now £8,320,000.

Tender analysis and identified cost efficiencies.

There are several reasons for the cost increase since the previous five-year contract with BV was signed. Report LFC-25-022x to the London Fire Commissioner explains that in 2019 Deputy Mayor for Fire and Resilience Decision 51 [DMFD51](#) gave authority for the London Fire Commissioner to commit expenditure of £6,955,000 for the purpose of approving a three-year contract for the provision of scientific services with Bureau Veritas UK Ltd with an option to extend up to an aggregate of 24 months.

Due to global uncertainties and recent significant cost increases (e.g. the Cost-of-Living crisis in the UK), a future cost prediction was included in the plan to address these uncertainties and meet expectations from corporate management within BV.

The new contract now includes all services previously considered "extra charges" under the current agreement. During the previous contract term, BV performed substantial work outside the paid provisions, particularly in critical areas impacting firefighter safety and operations, which was not charged. For example, during the introduction of the MSA breathing apparatus set, BV committed significant resources to resolve emerging challenges, often on short notice, providing expert input and independent scientific opinions. The costs for these services were conservatively estimated and have since been incorporated into the all-inclusive specification for the new contract, thus safeguarding the Brigade against unforeseen additional charges in the future.

Due to local economic pressures, BV have established a specialised facility in London to fully service the contract with LFB. While this facility is costly to maintain, it benefits from a fixed rent until 2027. However, BV anticipate that their landlord will exercise a rental 'break clause' in 2027, leading to a significant increase in rent after five years of unchanged rates, which BV have accounted for in their projections.

When reviewing the recent tender from BV, several areas have been identified in order to make saving across the five-year contract. Identified areas of savings include the transferal of Fire Investigation samples from commercial off-site storage to a secure, accessible LFB property which would result in an

immediate saving of £122,000 over the contract term. It is anticipated that this change will not involve any significant cost to LFB due to the pre-existence of sufficient space and facility to do so once a planned rationalisation exercise has been completed in collaboration with BV. Eliminating the administration costs and maintenance associated with off-site storage and driving provisions will enable further administrative efficiencies. Details and amounts involved are yet to be confirmed therefore cannot be included at present.

Under an all-inclusive contract, as described above, the costs for consumables associated with the maintenance of instruments currently held by LFC are now incorporated. This results in an effective annual saving of approximately £15,000 per annum over what was previously as pass through cost and in addition to the management fee as previously contracted. This has been achieved by a point of clarification in the specification to confirm approach to consumables based on a static assumption of volume on behalf of LFB. (£75,000 over the contract term).

The annual cost of providing introductory training to the Fire Investigation Team is £12,000. With the inclusion of Fire Investigation training in the new contract, this represents a value enhancement of £60,000 over the duration of the contract, rather than a direct cost saving.

The utilisation of modern technologies in order to assist in the delivery of training to main stake holders has been explored and found not to be suitable due to the complexities of subjects being delivered and the need for hands on demonstrations of varying pieces of equipment. BV have confirmed this would not yield significant savings.

Further savings are being explored. Having LFC provide Blue Light Driving training and refreshers would result savings of approximately £5,000 per year (£25,000 over the contract); however, this would potentially result in a minor increase to the LFB's training budget and is yet to be fully scrutinised and is mentioned here for completeness of approach.

In total, these adjustments which have been verified and agreed to date result in a reduction of BV's Lot 1 bid price by £36,000 per annum, equating to a £180,000 decrease over the five-year term of the contract. This is reflected in a total anticipated annual spend of £1,664,000 in comparison to the originally bid price of £1,700,000.

It should be noted when accounting for the savings detailed above this equates to a real-time saving of £255,000 across the five-year contract.

Future saving potential

LFB has a standard termination for convenience clause in this proposed contract which allows us to terminate with giving a minimum of 6 months' notice. There is also a standard change process included which will allow for revisions of the service provided.

The LFC's Operational Resilience and Control Department will continue to seek opportunities for additional cost savings throughout the life span of this contract. Workstreams will predominantly focus on functions within the contract which could be brought 'in house'. Appropriate governance will be adhered to, and paragraph 1.14 will be implemented where opportunities are identified.

Financial comments

The report seeks approval to enter into a five-year contract from April 2025 in respect of scientific services, at a total value of £8,320,000.

The current annual budget held for the scientific services contract is £1,124,400, rising to £1,142,400 for 2025/26 incorporating an inflationary uplift. However, the forecast for the 2024-25 financial year under the existing contract is £1,554,300, an overspend of £429,900. This overspend is largely driven by a previously agreed saving of £400,000 that was applied to the 2024-25 budget and is yet undelivered.

The impact of the overspend in 2024-25 has been considered as part of the in-year monitoring and reserves position. This was also included in the revenue and reserves position as set out in the Budget Submission to the Mayor.

The £400,000 saving was identified as part of budget planning for the 2024-25 financial year. The saving was taken through the various stages of governance as part of budget consultation and scrutiny before being formally submitted as a listed saving in the appendix to the budget report approved for 2024-25 in March 2024 (LFC-24-2027).

Approval of the new contract price as set out in the report will incur an annual cost of £1,664,000, which is above the position included in the November Budget Submission to the Mayor. This represents an annual budget pressure of £557,600 for the 2025/26 financial year onwards.

The 2025-26 Budget submission included a projected net saving as part of a review of existing contractual spend. The additional pressure of £557,600 is being considered as part of that review to deliver sufficient savings to also meet this additional pressure from 2025-26.

Progress against meeting this saving requirement will be monitored and managed through additional internal financial controls established for 2025-26. Any variance against planned savings will then be considered as part of regular financial reporting in 2025-26 where the overall position will be considered to ensure that the financial position of the LFC is sustainable.

Confidential Appendix – Part Two of report LFC-25-022x – Scientific Services Procurement