

# GREATER LONDON AUTHORITY

## REQUEST FOR DEPUTY MAYOR FOR FIRE & RESILIENCE DECISION – DMFD27

### Title: Procurement of Replacement Fireboats

#### Executive Summary:

Report LFC-0150 to the London Fire Commissioner seeks approval to place orders under the London Fire Commissioner's Vehicles and Equipment Contract with Babcock Emergency Services for two Fireboats for a capital sum not exceeding £5,908,000.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the London Fire Commissioner to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...".

#### Decision:

The Deputy Mayor for Fire and Resilience consents to a commitment not exceeding £5,908,000 for the purpose of placing orders under the London Fire Commissioner's Vehicles and Equipment Contract with Babcock Emergency Services to procure two replacement Fireboats.

#### Deputy Mayor for Fire and Resilience

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

#### Signature:



#### Date:

5 July 2019

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The Brigade's two Fireboats have come to the end of their serviceable life. The current Fireboats were purpose built with flat hulls but were fitted with engines that were designed for lower duty cycles than has proven necessary. Those engines have therefore proved very unreliable and are now out of manufacture, so cannot be replaced and much of the engine spares can no longer be sourced. Report LFC-0150 to the London Fire Commissioner seeks approval to procure two new replacement Fireboats. The Commissioner's Board have considered and recommended the proposal to the Commissioner, who has indicated in-principle support pending prior consent to spend from the Deputy Mayor. The Deputy Mayor for Fire and Resilience also considered the proposals to the Commissioner in report LFC-0150 at her Fire and Resilience Board on 9 April 2019 and indicated her support.

#### **2. Objectives and expected outcomes**

- 2.1. The London Fire and Emergency Planning Authority (LFEPA) Resources Committee gave approval on 16 September 2016 (FEP 2650) for funding of the replacement of the two Fireboats; funding was allocated for that purpose and was programmed in for the 2018–19 capital spend budget. Funding was also allocated in the 2017–18 capital spend budget for specification and expert consultancy fees.
- 2.2. Two independent reports were subsequently commissioned from Frazer Nash, a specialist consultancy company in the field of small maritime craft and engineering. The reports were commissioned to look at:
  - a) the feasibility and potential cost of replacement Fireboats; and
  - b) the options feasibility of alternative low emission fuels and power units noted in September 2017 Resources Committee report (FEP 2778 – September 2017).
- 2.3. Both reports were received, and the first report concluded that the procurement of the Fireboats to meet LFEPA's draft outputs-based specification within the agreed cost envelope was feasible. This sum aligned within the budget agreed by Members at the LFEPA Resources Committee on 16 September 2016 (FEP 2650).
- 2.4. Subsequent to the procurement processes described at paragraphs 4.1 – 4.4, the Commissioner approved (subject to prior Deputy Mayor for Fire and Resilience approval) that Babcock accept the tender from the preferred bidder that is established from the evaluation process and place orders for two replacement Fireboats. The anticipated timeframe for delivery of the first Fireboat is October 2020. Delivery of the second Fireboat is anticipated to be during the April 2021.

#### **3. Equality comments**

- 3.1. The Public Sector Equality Duty – and the potential impacts of this decision on those with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation) has been considered by the London Fire Commissioner (and the Deputy Mayor for Fire and Resilience at the Fire and Resilience Board on 9 April 2019).
- 3.2. The Public Sector Equality Duty applies to the London Fire Brigade when it makes decisions. The duty requires us to have regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
- b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

3.3. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

3.4. The Fireboats emergency response services are delivered in collaboration with the Royal Lifeboat Institution, the Metropolitan Police Service, The Port of London Authority and Transport for London to improve safety on the river for social, recreational and commercial users. Additionally, the Fireboats support events such as the perennial Boat Race, the Lord Mayor's pageant and the New Year Fireworks Display and community events such as the Second World War Dunkirk Rally and other pageantry and community events in support of (c) above.

3.5. The Equality Impact Assessment (EIA) indicates that the proposals in report LFC-0150 to the Commissioner will not have a disproportionately adverse effect on any persons with a particular characteristic. This conclusion was based on the Output Based Specification (OBS) being written with the end-users needs in mind. Therefore, the EIA determined that this vessel and its fixed equipment would be able to be operated by all staff in that user group, irrespective of whether or not they have a protected characteristic.

3.6. The tender specification requires that the design aims to eliminate any equalities issues and the tender evaluation process critically scores all EIA outcomes. The tender solutions received including initiative such as maximising automated functions, minimising onerous skill and training needs, maximising the intuitive nature and maximising the ease of use of all operator/user interface functions.

3.7. In addition, the contract with Babcock requires Babcock and any sub-contractor they may engage, to conform to equality legislation and the Commissioner's equalities protocol. Babcock also assess all of their providers approach to equality and ensure they are satisfied that they meet appropriate protocols, prior to them listing those companies as approved providers. Therefore, it is considered that there is an appropriate approach to equalities right through the supply chain in respect of this procurement.

#### **4. Other considerations**

##### *Procurement*

4.1. An output-based specification (OBS) was submitted to Babcock, which was developed from the operational user requirement. Babcock subsequently worked with LFB Technical and Service Support managers to review and determine the Brigade's requirements. These requirements included the following:

- a) Proven reliability and durability
- b) Power units that do not have any restrictions on duty cycles
- c) Safe craft that conform to PLA requirements
- d) Ability to pump 7000 litres of water per minute to shore
- e) Ability to travel at speeds of 30 knots at 80% throttle in order to give sufficient power and a good continuous cruising speed with IMO tier 3 compliant engines.
- f) Ability to plane on the water when fully laden with normal crew numbers and a full complement of allocated equipment.

- 4.2. Initial market research carried out by Frazer Nash and Babcock indicated that it is likely that only three manufacturers have the capability to deliver to the LFB's requirements.
- 4.3. Babcock drew up a suitable competitive procurement process and agreed an evaluation process with LFB officers before going out to tender with the evaluation criteria scoring matrix of:
  - a) 60% technical capability
  - b) 30% value for money
  - c) 10% training/other commercials.
- 4.4. Subsequently, tenders were sought by Babcock, they have now received bids and are in the process of evaluating those tenders with the assistance of the LFB responsible Officer.

#### *Sustainability*

- 4.5. At present there are currently no emission restrictions nor any known plans to introduce emission controls for river craft in London. However, the Mayor set out the intention to lead by example in the London Environment Strategy by supporting demonstrator projects for new technologies. As such, both of these new boats will be fitted with the cleanest and low emission power unit appropriate to the vessel requirements.
- 4.6. The second report to LFEPA concluded that marine diesel fuelled engines are the only realistic and affordable option for the replacement boats. Despite having no emissions restrictions to satisfy, officers have pursued vessels with the most efficient and clean burning engines by ensuring that International Maritime Organisation (IMO) Tier 3 engines have been specified as a requirement within the tender documents.
- 4.7. IMO Tier 3 is currently the most stringent emissions specification that is set by regulation for sea faring vessels in North America and parts of the North Sea. The specifications for IMO Tier 3 regulations requires specific NOx reducing technologies similar to that of Euro 6 engines for road vehicles. The London Fire Commissioner have adopted this standard as best practice.
- 4.8. The innovative method of using ultrasonic antifouling technology is called for with the benefits of eliminating toxic chemical solutions. It is a specified requirement that the design, and throughout the boats' operating life, the suppliers must ensure that they minimise damage to the environment and use as much recyclable material as is reasonably possible. These points are included in the sustainability impacts assessment of the tender returns and are calculated and scored accordingly.

#### *Risk Planning – 'No Deal' EU Exit*

- 4.9. The potential effects of a 'No Deal EU Exit' have been explored in relation to both this project and the Vehicles and Equipment Contract in general. Mitigating plans to stockpile spare parts have been put in place by Babcock and suppliers to address potential business continuity issues that may be caused by any future import restrictions.
- 4.10. However, due to the unknown nature of how the exit will progress, procurement elements around currency changes and financing are obviously more difficult to establish. In other projects the Commissioner has been advised of a potential port levy of between 10 per cent to 16 per cent being introduced if the UK Government are unable to secure a withdrawal agreement with the European Union (EU). The Commissioner has subsequently been advising of an additional 16 per cent contingency when earmarking funding for projects. Further analysis is contained within Appendix A of report LFC-150 to the Commissioner (appended to this decision).

#### *Strategic drivers*

- 4.11. Page 44 of the London Safety Plan states: "*London Fire Brigade operates a fireboat [sic] to help deal with emergency incidents on the River Thames. The Brigade's fireboat is located at the Lambeth river station and is due to be replaced shortly as part of its regular replacement lifecycle. As part of the London Safety Plan, the Brigade will work with its partners, including the Royal National Lifeboat Institution, police service, Port of London Authority, and Transport for London, to look at collaboration*

*opportunities for improving safety on the river. This has also been supported by the Lord Harris review, which recommends that the Mayor commissions a comprehensive review of safety and security on the river. The Brigade will also use fireboat crews to deliver river safety prevention messages (for example, to houseboats).” The replacement of the Brigade’s Fireboats delivers upon these commitments made in the Plan.*

#### **Workforce**

- 4.12. A review of the operational differences between the existing Fireboats and replacement Fireboats will not take place until the orders have been placed. Therefore, the outcomes and training requirements will also not be known until that time. However, officers will be advising of the training requirements with the appropriate departments as soon as an evaluation of the of the training requirements has been undertaken. Whilst general familiarisation sessions are anticipated for staff that will crew the new vessels, we do not expect the training requirements to range far beyond that.
- 4.13. Report LFC-0150 to the Commissioner is focused on the procurement of two replacement Fireboats, so there does not appear to be any requirement for industrial relations consultation on the issues raised. Discussion with the trade’s unions on new equipment, and new training requirements, takes place in the project team forum and health and safety arena. To date, no formal debate has taken place on this matter in the industrial relations arena.

#### **5. Financial comments**

- 5.1. Report LFC-0150 to the London Fire Commissioner requests the approval for the replacement of the Brigade’s two Fireboats at a capital cost not exceeding £5,908k. Tenders for the two replacements Fireboats have been received with prices ranging from £3,600k to £5,093k. These tenders are currently being evaluated and the final contract price will be determined during this process.
- 5.2. A number of the major components for the boats are expected to be supplied by other countries and combining this with the uncertainty of an EU Exit, it is considered that costs for all tenders could increase by up to 16 per cent, as noted above. This could result in the total cost of the project being £4,176k to £5,908k based on the lower and highest tender price received.
- 5.3. In the existing capital programme, there is a capital budget of £2,500k for the replacement of the two Fireboats. This budget will be updated once the tender evaluation is complete and the final cost requirement is known. This will be reflected in the capital spending plan which will be considered as part of the 2020/21 budget process. No specific funding from the GLA is being sought.
- 5.4. If this project was financed from external borrowing, the annual debt charges would be £335k based on the lowest price, with inflation of £4,176k and calculated based on a twenty-year life (£209k annual debt repayment) and annual interest charge of £126k based on a 3 per cent interest rate. Based on the highest price, with inflation, of £5,908k the annual debt charges would be £472k, £295k annual debt repayment and an annual interest charge of £177k.

#### **6. Legal comments**

- 6.1. Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the “Commissioner”) is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 6.2. By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the “Deputy Mayor”).

- 6.3. Paragraph (b) of Part 2 of the said direction requires the Commissioner to seek the prior approval of the Deputy Mayor before “[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...”.
- 6.4. The Deputy Mayor's approval is therefore, required for the London Fire Commissioner to place orders with Babcock Emergency Services for the two replacement Fireboats.
- 6.5. Commissioner's General Counsel has indicated that the statutory basis for the actions proposed in this report is provided by section 7 (2)(a) of the Fire and Rescue Services Act 2004, under which the Commissioner must secure the provision of personnel, services and equipment necessary to efficiently meet all normal requirements for firefighting.
- 6.6. Furthermore, under section 7 (2)(b) of the aforementioned Act the Commissioner must secure the provision of training for personnel.
- 6.7. The Commissioner's General Counsel also notes that the proposed procurement under the vehicles and equipment contract with Babcock Emergency Services is within the scope of services provided under the contract and is in compliance with the Public Contracts Regulations 2015.
- 6.8. In taking the decisions requested, the Deputy Mayor must have due regard to the Public Sector Equality Duty - namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010 and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Deputy Mayor should have particular regard to section 3 (above) of this report.

#### **Appendices and supporting papers:**

1. LFC-0150: 'Procurement of Replacement Fireboats'

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:****Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: The commercial interests of the Commissioner are to be protected by the deferral of any publication of the procurement considerations until the cooling off period for that procurement has expired.

Until what date: 1 September 2019

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer**

Andrew Nathan has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:

**Assistant Director/Head of Service**

Tom Middleton has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.

**Advice**

The Finance and Legal teams have commented on this proposal.

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 1 July 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**



**Date**

1.7.19

