

Report title

Contract Extension Request ORH Ltd – Modelling and Operational Research Services

Meeting

Deputy Mayor's Fire and Resilience Board

21 July 2020

Report by

Chief Information Officer

Report

LFC-0380
FRB-0152

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Summary

This report seeks approval for a 24 month extension to the current operational research and modelling Services contract with ORH Limited to be implemented following the initial contract expiry date of 5 November 2020.

Recommended decisions

That the London Fire Commissioner:-

1. Approves the extension of the contract discussed in this report for a duration of not more than 24 months; and
2. Delegates to the Chief Information Officer the power to sign and/or arrange to be executed any documents required to effect the Commissioner's decision in relation to the contract extension discussed in this report.

¹ To be redacted prior to publication.

Background

1. The former London Fire and Emergency Planning Authority awarded the contract to ORH Limited on 16 October 2015 following a successful competitive tendering process. The contract is for an initial term of five years and commenced on 5 November 2015. The contract also includes an optional further extension to the term of two years if notice is given prior to expiry of the contract. Extending the contract would see it terminate on 4 November 2022. The average annual spend under this contract over the last ten years was £130,000¹, however the costs vary each year depending on usage, and potentially £200,000¹ in a year when an IRMP is being prepared.

Scope of the contract

2. The Commissioner requires consultancy services for operational research, including modelling, services in connection with the development of proposals for the Brigade's Integrated Risk Management Plan (IRMP), called the London Safety Plan, and for other purposes (e.g. fire station site search).
3. There are two lots that form the contract; (Lot 3, for the provision of a national asset tool, was terminated early in the contract period when it was no longer required):
 - Lot 1 – Provision of operational research and modelling services
 - Lot 2 – Provision and maintenance of a dynamic cover tool (DCT).
4. Lot 2, the DCT, supports Control Room managers to decide whether pumping and other appliances need to be temporarily relocated to other fire stations on days when the Brigade is very busy. The tool uses knowledge of risk in London and incident demand, attendance time performance, and incident in progress at the time, to offer suggestions for temporary (standby) moves for appliances to other stations. The DCT is an important decision aid for Control Room supervisors, and was developed based on the wider modelling work undertaken.

Business justification to extend

5. Modelling plays an important role in preparing the Brigade's IRMP (the London Safety Plan). It looks at up-to-date risk proxies, and allows consideration of whether the location of fire stations, and pumping and special appliances, continues to meet risks.
6. The preparation of the IRMP is aligned to Mayoral terms of office (as part of the Sixth London Safety Plan) so that the Plan can reflect an incoming Mayor's vision and priorities for the future of the Brigade and London as a whole. It had been proposed to commence work on a new Plan now so that it could be in place one year after a new Mayor was elected (i.e. April 2021). The postponement of the Mayoral elections this year has also led to a postponement of a year in the preparation of a new London Safety Plan (LSP); the existing plan is being extended (and this is currently going through the governance process). The current intention is to prepare a new IRMP to be in place from April 2022. The preparatory work on a new Plan will require support from ORH Ltd in terms of modelling and operational research during 2021 and 2022. Therefore, a two year extension is essential to provide consistency and continuity of modelling support up to the approval of a new IRMP for April 2022. In addition, aside from any work to develop a new IRMP, developing options for savings, given the Mayor's budget guidance for 2021/22 (recently issued), will also be a modelling priority.
7. If the Brigade were to re-tender, this would be in the middle of the IRMP preparations and could be highly disruptive (if there were a change of supplier). Extending the contract for a further two years – as provided in the current contract – would allow preparations for a new IRMP and give time for any potential new contractor to get to understand the Brigade and its requirements, beyond the Plan proposed for April 2022.

Performance of the contract

8. There are no performance concerns with this contract. ORH are very responsive to all requests from the Brigade, and provide an excellent professional service. Over the years they have been working with the

Brigade, they have provided new insights into the service and an understanding of the possibilities for the future which would not otherwise have been available and which significantly exceed the limitations of old fire cover review methodologies (as confirmed by the Commissioner in the report on LSP5 to LFEPA (FEP2021) in January 2013).

9. Modelling offers a more flexible, less resource intensive and significantly more transparent approach to fire service planning and the contractor is able to offer optimised solutions to problems, rather than just give calculated outputs. The combination of optimisation and simulation modelling has allowed a wide range of cover options to be exemplified quickly, and in clear terms, and which can be assessed with confidence. Officers believe that the modelling work delivered under the contract provides a solid basis for decisions now and a springboard from which we will be able to explore new and related issues in the future.

Costs to extend

10. A price review is due on the anniversary of the contract which will be in accordance with the indices referenced in the terms and conditions which is the average weekly earnings – total pay, seasonally adjusted – whole economy (ONS Identifier KAC2). It is not possible to provide an exact monetary value for the extension as the costs of this contract are dependant on usage.
11. Average Weekly Earnings (AWE) is the lead monthly measure of average weekly earnings per employee. It is calculated using information based on the Monthly Wages and Salaries Survey (MWSS), which samples around 9,000 employers in Great Britain. The estimates are not just a measure of pay rises as they do not, for example, adjust for changes in the proportion of the workforce who work full-time or part-time or other compositional changes within the workforce. The estimates do not include earnings of self-employed people. Estimates are available for both total pay (which includes bonus payments) and regular pay (which excludes bonuses). Estimates are available in both nominal terms (not adjusted for inflation) and real terms (adjusted for inflation).
12. Data for previous years shows that spending under the contract fluctuates on an annual basis, and is higher in years when preparatory work for an IRMP is undertaken. For LSP5 (approved in 2013), spend (excluding VAT) exceeded £200,000¹, whereas in 2018/19 (with no LSP to prepare), spend was just under £70,000¹. Average annual spend over the last ten years (at approx. £130,000¹ a year), makes the value of the contract extension some £260,000. Spend under the contract includes both lots 1 and 2 (as described above).
13. The value of the 24 month contract extension would exceed the governance spend threshold of £150,000, and approval for extension is being requested.

Collaboration

14. The contract is for specialist emergency services modelling, so the most likely partners in any collaboration would be other blue light services (rather than other members of the GLA group). The London Ambulance Service have used the services of modelling specialists, and ORH Ltd specifically, but were not interested in a joint procurement at the time the contract was tendered (2015). The Brigade did consider at the time whether to set-up its contract in a way that other FRSs could participate, but as the needs of other brigades and the products to be delivered were specific to them, and it was found to be overly complex to produce a specification that could adequately take these other (unknown) requirements into account. ORH Ltd do work for other fire and rescue services as well as undertaking work for ambulance/emergency medical services, in the UK and overseas. As such, the Brigade benefits from ORH's work with other organisations, in terms of ideas and approaches. When the contract is re-tendered, it will be possible to consider what collaboration opportunities exist at that time.

Finance Comments

15. The report to the Commissioner requests an extension of up to 24 months to the existing Operation Research and Modelling Services contract which expires in November 2020, at a cost of up to £260,000. This extension is provided for under the contract which was previously awarded in 2017. Under the terms of the contract a price review takes place on the anniversary of the contract.
16. Annual costs are not fixed and are dependent on the service demand. It is noted that the requirement to extend the current London Safety Plan, the work required in preparation for the new IRMP due in April 2022 and additional modelling requirements anticipated following the 2021/22 Mayor's Budget Guidance could result in a higher demand for the service. The annual budget for this contract is £60,000, however this is now being reviewed as part of the 2021/22 budget setting process, with additional funding requested. Spend on this contract will be met from the approved budget in each year.

Workforce Comments

17. There is no specific workforce implications identified.

Legal Comments

18. 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.
19. 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").
20. 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...".
21. The LFC has delegated authority to the Assistant Director for Technical and Commercial Services for the award of contract.
22. Based on the values set out in this report, the Deputy Mayor's approval is accordingly required for the London Fire Commissioner to extend this contract.

Sustainability Implications

23. The GLA Group Responsible Procurement policy aims to support SMEs enter our supply chain. ORH Limited are classified as a Small to Medium sized Enterprise. The contract is for software and consultancy related services and has no risks to note.

Equalities Implications

24. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
25. It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.

26. The protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), Race (ethnic or national origins, colour or nationality), Religion or belief (including lack of belief), Sex, Sexual orientation.
27. The Public Sector Equality Duty requires us, in the exercise of all our functions (i.e. everything we do), to have due regard to the need to:
 - a) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
28. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it (;
 - c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
29. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
30. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
 - a) tackle prejudice, and
 - b) promote understanding.
31. An Equality Impact Assessment (EIA) has been undertaken on the proposed contract extension and has identified no issues and will have a neutral impact on groups with protected characteristics.
32. The contract is for the provision of operational research and modelling services, generally in relation to planning of the Brigade's emergency response service (i.e. location of fire stations, and pumping and special appliances at those stations) responding to emergency calls and despatching resources to deal with those incidents. The services provided under the contract will be as specified by the Brigade, to address particular needs whether to prepare an IRMP or for other planning purposes (e.g. the optimum location of a station, the optimum locations for special appliances, the disposition of the pumping appliance fleet at stations). The specific aim is to deploy resources to meet identified risk that the Brigade will need to deal with, whilst ensuring the fastest response from available resources to those emergency incidents.
33. The outcomes from modelling, in terms of any proposals for changes to the locations of stations or the disposition of appliances to stations, would be the subject of specific Equalities Impact Assessment(s), which would consider those changes on those with protected characteristics in local communities (typically at London borough level). The EIA will examine any impacts in a detailed way with supporting data and commentary. To support this, and as part of the modelling process, it is normal to undertake a sensitivity analysis on specific proposals which look at the impacts of proposals considering a range of

different factors, including data for those with protected characteristics (e.g. age, disability, race, sex), as well as other factors like deprivation, those living in social and/or high-rise housing, etc.

34. In respect of the proposed extension to the existing contract, then the Brigade will continue to work with the contractor to ensure that their inclusion policies align with those of the Brigade, and that the contractor makes efforts to ensure that its workforce is gender and BAME representative. And, the Brigade will offer its equality support groups the opportunity to understand how modelling works, and how the proposal developed in response to the Brigade's commissions, are tested for impacts, particularly on those with protected characteristics.

List of Appendices

Appendix	Title	Protective Marking
None		

Consultation

Name/role	Method consulted
Head of Procurement	e-mail
Head of Information Management	e-mail, meeting
Head of Responsible Procurement	email
Equalities Manager	email
Finance	email
General Counsel	email