

## REQUEST FOR DEPUTY MAYOR FOR FIRE & RESILIENCE DECISION – DMFD84

### Title: Modelling and Operational Research Services

#### Executive Summary:

This report recommends that the Deputy Mayor for Fire and Resilience approves expenditure by the London Fire Commissioner (LFC) of up to £260,000 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.

The London Fire Brigade 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. It is also needed for other purposes, for example, 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.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the London Fire Commissioner to seek prior consent before '*[a] commitment to expenditure (capital or revenue) of £150,000 or above*'. The Direction also provides the Deputy Mayor with the authority to '*give or waive any approval or consent required by [the] Direction*'.

#### Decision:

The Deputy Mayor for Fire and Resilience authorises the London Fire Commissioner to incur expenditure of up to £260,000 for a 24-month extension to the current contract with ORH Limited for operational research and modelling services.

#### 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:

27 October 2020

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

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

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

- 1.1. Report LFC-0380y explains that the former London Fire and Emergency Planning Authority awarded the contract to ORH Limited (ORH) for operational research and modelling services 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 £130,000, however the costs vary each year depending on usage, and potentially £200,000 in a year when an IRMP is being prepared.
- 1.2. The London Fire Brigade (LFB) 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).
- 1.3. 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; and
  - Lot 2 – Provision and maintenance of a dynamic cover tool (DCT).
- 1.4. 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.

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

- 2.1. Modelling plays an important role in preparing the LFB'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.
- 2.2. The timeframe of LFC's current IRMP was recently extended (MD2683), with LFC's intention being 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, will also be a modelling priority.
- 2.3. If the Brigade were to re-tender, this would be in the middle of the IRMP preparations; a change of supplier could be highly disruptive. Extending the contract for a further two years – as provided for 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*

- 2.4. There are no performance concerns with this contract. ORH are very responsive to all requests from the LFB and provide an excellent professional service. Over the years they have been working with the LFB, 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).
- 2.5. 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. LFB officers confirm 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*

- 2.6. A price review is due on the anniversary of the contract, which will be in accordance with the index referenced in the terms and conditions, which is the average weekly earnings (AWE)<sup>1</sup> – total pay, seasonally adjusted – whole economy (Office of National Statistics Identifier KAC2 (a specific price review index)). It is not possible to provide an exact monetary value for the extension as the costs of this contract are dependent on usage.
- 2.7. 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 £200,000, whereas in 2018/19 (with no LSP to prepare), spend was just under £70,000. Average annual spend over the last ten years (at approximately £130,000 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).
- 2.8. The value of the 24-month contract extension would exceed the governance spend threshold of £150,000, and approval for the expenditure in order for the extension to proceed is being requested.

### *Collaboration*

- 2.9. 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 non-blue light members of the GLA group). The Metropolitan Police Service (MPS) approach to service planning did not rely on operational modelling, so there were no opportunities for collaboration with MPS on this contract when tendering. LFB considered collaboration opportunities with the London Ambulance Service and other fire and rescue services (FRSs) which do use operational modelling when this contract was tendered in 2015:
- the London Ambulance Service have used the services of modelling specialists, and ORH specifically, but were not interested in a joint procurement at the time the contract was tendered; and

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<sup>1</sup> 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).

- the LFB 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 services and the products to be delivered were specific to those other organisations, and it was found to be overly complex to produce a specification that could adequately take these other requirements into account.

- 2.10. LFB has previously considered collaborating with the GLA for modelling services. This is not considered to be a viable option at the current time due to the specialist nature of the modelling work required, and because of the disruptive impact of changing provider as discussed under paragraph 2.3.
- 2.11. ORH do work for other FRSs as well as undertaking work for ambulance/emergency medical services, and some police work in the UK and overseas. As such, the LFB benefits from ORH's work with other organisations, in terms of ideas and approaches. When the contract is re-tendered at the end of the proposed two-year extension period, LFB will consider what collaboration opportunities exist at that time across the blue-light sector, and within the non-blue light bodies with the GLA family.

### **3. Equality comments**

- 3.1. 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.
- 3.2. The contract is for the provision of operational research and modelling services, generally in relation to planning of the LFB'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 LFB, 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.
- 3.3. 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.
- 3.4. In respect of the proposed extension to the existing contract, then the LFB will continue to work with the contractor to ensure that their inclusion policies align with those of the LFB, and that the contractor makes efforts to ensure that its workforce is gender and BAME representative. And, the LFB 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.

### **4. Other considerations**

#### *Sustainability*

- 4.1. The GLA Group Responsible Procurement policy aims to support Small to Medium-sized Enterprises (SMEs) enter our supply chain. ORH Limited are classified as an SME. The contract is for software and

consultancy related services and has no risks to note.

#### *Strategic drivers*

- 4.2. 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.

### **5. Financial comments**

- 5.1. Report LFC-0380y 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.
- 5.2. 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 service has been reviewed as part of the 2021/22 budget process, to provide adequate funding to support the development of the next IRMP. Spend on this contract will be met from the approved budget in each year.
- 5.3. There are no other financial implications for the GLA.

### **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 LFC has delegated authority to the Assistant Director for Technical and Commercial Services for the award of contract.
- 6.5. 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.

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

Appendix 1: LFC-0380y– Contract Extension Request ORH Ltd – Modelling and Operational Research Services

**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 LFC require confidentiality until the cooling off period for new contractual agreements has expired.

Until what date: 1 January 2021

**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 – NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer**

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

✓

**Assistant Director/Head of Service**

Niran Mothada 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 19 October 2020.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**



**Date**

**27 October 2020**