

PART 2 – CONFIDENTIAL FACTS AND ADVICE

DMFD27

Title: Procurement of Replacement Fireboats

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This information is not for publication until the stated date, because: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 publication of commercially sensitive considerations made about the procurement processes followed, specifically assumptions made in the pricing of tenders. The tender process has not concluded yet and the text reveals information about financial aspects of one of the bids.

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

1 April 2021 (after the delivery of the procured Fireboats)

Information Governance recommendation on the grounds of keeping the information confidential:

The information provided in this Part 2, and in the attached supporting documents, contain commercially sensitive information which should be kept confidential as it is considered to be exempt under Section 43 (2) of the Freedom of Information Act 2000 – Commercial Interests. Publication of this information at this time would prejudice:

- the commercial interest of the proposed successful tenderer, as it includes pricing information provided during the tendering process; and
- LFC's commercial interests as its release could have an adverse impact on the LFC's ability to secure best value on the services being procured as planned and in future procurements,

To the extent that this exemption provision would be subject to the balance of the public interest, it is considered that best interests of the public are served by not publishing the information at this point. Disclosure by the LFC would be likely to have a detrimental effect on the commercial interests of LFC and its ability to secure value for money on behalf of the public.

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.

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

Name: Ian Lister

Date: 27 June 2019

Confidential decision and/or advice:

The Frazer Nash report to the Commissioner concluded that a price of £1,285k per boat was feasible to meet the Authority's draft outputs-based specification. Though slightly increased, this sum broadly aligned within the budget agreed by Members at the Resources Committee on 16th September 2016 (FEP 2650). However, as can be seen in paragraph 32 of this confidential appendix, the highest bid has come in at over double that estimate, and all bids reflect a significant increase in actual costs against the potential costs we were advised of by Frazer Nash.

A request has subsequently been made via Babcock, for Frazer Nash to comment back on how there has been such a large variance in actual costs opposed to their specialist advice on potential costs. To date, although we have received a response, it does not provide a credible explanation. Therefore, a further request has been made clarifying a number of questions we would like answered as follows:

1. How is there now such a wide variance in price, with the total cost of the higher bid appearing to be over double what Frazer Nash informed us was achievable?
2. Why was Frazer Nash chosen to carry out the feasibility study?
3. Who chose them to carry out the feasibility study?
4. As we made it quite clear as to what we would require within the original OBS, as specialists in the field, why did Frazer Nash not take all of the requirements we put into OBS into account when drawing up the projected costs?
5. Do we have any redress to the money they charged us for appears to be such a flawed report?
6. How do we avoid this situation in the future?

However, with the current situation in relation to serviceable life, unreliability and unavailability of spare parts for our current fireboats, the procurement of two new fireboats is imperative if we are to maintain our ability to provide an operational service on the River Thames.

Due to the consultancy work required to establish the LFB requirements/specifications and soft market research, 26 months have now passed. There has subsequently been inflation and we are currently facing the uncertainty of Brexit with an expectation of the major components for the boats to be supplied by external countries. Therefore, although currently unknown, there is also anticipation that there could be up to a 16% increase in costs to cover potential port levies in a no-Brexit deal situation (this is reflected in paragraph 29). This cost has been included as LFB have been directly informed of the potential 16% increase by their contractor Babcock, who have in turn been informed by bidders submitting high cost tenders in other vehicle and equipment procurement projects for the LFB. Therefore, the sum of up 16% is based on commercial information received and has been included to ensure prudent cost analysis and financial forecasting.