

<b>11 July 2018</b>		<b>ITEM: 13 (Decision: 110475)</b>
<b>Cabinet</b>		
<b>Tender of the Council's Insurance and Related Services</b>		
<b>Wards and communities affected:</b> N/A	<b>Key Decision:</b> Key	
<b>Report of:</b> Cllr Shane Hebb, Portfolio Holder for Finance		
<b>Accountable Assistant Director:</b> N/A		
<b>Accountable Director:</b> Sean Clark, Director of Finance and IT		
<b>This report is</b> Public		

### **Executive Summary**

In readiness for the expiry of the current contract on 31 March 2019 and to ensure compliance with the Public Contract Regulations and the Council's Constitution it is proposed that a tender will be undertaken to procure the services. There is a limited market for the provision of insurance services for the public sector and the council's existing insurance broker will be used to manage the tender and ensure the widest possible selection of insurance companies are engaged in the exercise.

A review of the insurance programme design will be undertaken as part of the exercise and relevant design alternatives considered to establish the most appropriate programme (including such components as extent of cover, level of deductibles, etc.). A comprehensive evaluation of tender submissions will be undertaken and the insurer or insurance providers appointed will have to prove they offer the best value for money solution for the council.

- 1. Recommendation(s)**
  - 1.1 Agree and support the proposal to commission a tender exercise in accordance with the Public Contracts Regulations 2015 for the supply of Insurance and Related Services; and**
  - 1.2 Approve delegation to the Director of Finance and IT to enter into and award the necessary contracts following the procurement process, in consultation with the Portfolio Holder for Finance.**

## **2. Introduction and Background**

- 2.1 The existing contract for the council's insurance programme is with Zurich Municipal and expires on the 31 March 2019. Zurich Municipal was appointed as the council's insurer after a tender process in line with European procurement directives in 2013.
- 2.2 The contract was for 3 years with an option for a further 2 years. This option was exercised as it was felt to be in the best interest of the council given the state of the insurance market at that time. The council now has to tender to procure the service as the current contract is coming to the end of its term.
- 2.3 The council's current cost per annum for insurance and related services is circa £1.1m. The existing insurance contract provides a range of cover and services, including:
- Public Liability;
  - Employer's Liability;
  - Claims Handling - Employer's and Public Liability;
  - Property;
  - Motor; and
  - Engineering insurance and inspection.
- 2.4 The proposed procurement is forecast to exceed the European Union financial thresholds and a formal competitive tender is proposed to be undertaken in accordance with the Council's Constitution and Public Contract Regulations 2015. The Procurement Stage 1 - Approval to Proceed to Tender form is included under Appendix 1

## **3. Issues, Options and Analysis of Options**

- 3.1 The public sector insurance market is limited and a specialist area and the majority of insurers will only deal via an insurance broker intermediary. The council's existing insurance broker Arthur J. Gallagher will be used to manage the tender and will ensure the widest possible selection of insurance companies are engaged in the process.
- 3.2 A review of the insurance programme design will also be undertaken as part of the exercise and relevant design alternatives considered to establish the most appropriate programme for the council (including such components as extent of cover, level of deductibles, etc.).
- 3.3 In view of the limited market for insurance services for the public sector, officers consider that the most appropriate procurement route under the Public Contract Regulations 2015 is the Open Tender procedure.
- 3.4 The proposed contract length is for three years with a potential to extend for a further two years on a 1 year plus 1 year basis making a possible total of five years and is subject to the (EU) Public Contracts Regulations 2015.

#### **4. Reasons for Recommendation**

- 4.1 The decision to undertake a tender of the council's insurance programme in readiness for the expiry of the current contract on the 31 March 2019 will enable the authority to obtain insurance on the best terms available in the current market conditions.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 Procurement, Legal and Finance Services have been consulted for the approval to proceed to tender stage of the procurement process and the report to tender the council's insurance and related services was presented to Directors Board on the 12 June 2018.

#### **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 The tender of the council's insurance programme will enable the council to obtain insurance on the best terms available in the current market conditions.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Dammy Adewole**  
**Management Accountant**

As stated within the report, the current cost of the council's insurance premium is circa £1.1m per annum and the tender will enable the council to obtain insurance on the best terms available in the current market conditions. Budgets for insurance premiums are held across the council within individual service areas.

##### **7.2 Legal**

Implications verified by: **David Lawson**  
**Assistant Director of Legal and Monitoring Officer**

This report is seeking approval from Cabinet to tender the contract noted in the report. The proposed procurement being considered is estimated at above the relevant EU threshold for contracts of this type, and this means that there is a legal requirement to competitively tender the contract via the Official Journal of the European Union (OJEU) and Legal Services note that this

tender will be conducted in accordance with the Public Contract Regulations 2015 ('the Regulations').

Taking the above into account, on the basis of the information in this report, the proposed procurement strategy should comply with the Regulations and Council's Contract Rules.

The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of the proposed tender exercise. Legal Services are on hand and available to assist and answer any questions that may arise.

The value of this contract for insurance services requires full compliance with EU Procurement Regulations and therefore a tender will be advertised in OJEU and follow the established timescales.

### 7.3 Diversity and Equality

Implications verified by: **Natalie Warren**  
**Community Development & Equalities Manager**

There are no equality or diversity implications noted in this report.

### 8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Insurance Tender exercise and related papers retained by the Insurance Team, Corporate Finance, Finance and IT Directorate

### 9. Appendices to the report

- Appendix 1 - The Procurement Stage 1, Approval to Proceed to Tender Form

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Finance and IT Directorate.