

PROCUREMENT STAGE 1 – APPROVAL TO PROCEED TO TENDER

This form must be completed for all procurements above the tender threshold (£75,000 - Services and Supplies and £500,000 - Works)

If contract value is over Cabinet approval threshold (£750,000) this form shall be appended to the Cabinet report. This form will be “open” for publication.

1.	INTRODUCTION	
1.1	Contract Title	Tender of Insurance and Related Services
1.2	Reference	PS/2018/123
1.3	Directorate	Finance & IT
1.4	Contract Cost	£5.5M over 5 years.
1.5	Description	The existing contract for the Council’s insurance programme is with Zurich Municipal and expires on 31st March 2019. Zurich Municipal was appointed as the Council’s insurance provider after a tender process in line with European Procurement Directives in 2013.
1.6	Contract Term	3 year initial period plus for a further 2 one year periods.
1.7	Political Sensitivity	N/A

2.	BUSINESS CASE	
2.1	Business Case	The current contract is due to expire on 31st March 2019. The public sector insurance market is a specialist area and the majority of insurers will only deal via an insurance broker intermediary and the Council’s existing insurance broker will be used to ensure the widest possible selection of insurance companies are engaged in the tender. The decision required is to tender the Council’s insurance programme due to the expiry of the existing contract, which will enable the council to obtain insurance on the best terms available in the insurance market for the public sector.
2.2	Key Deliverables	The tender will enable the Council to obtain insurance on the best terms available in the current market conditions.
2.3	Commercial Pressures	The public sector insurance market is a specialist area and showing signs of hardening.
2.4	Contractor Employment Status ¹	N/A
2.5	Award Criteria	60% Price and 40% Non Price (quality, cover and other non-price criteria). There may be some flexibility on individual lots depending on specialism
2.6	Social Value	Whilst the contract cannot be delivered by a local business or the voluntary sector, we will consider options for a social value offer within the overall contract procurement.

¹ Use online self-assessment tool: <https://www.gov.uk/guidance/check-employment-status-for-tax>

2.7	Previous Contract	Insurance (including claims handling and operational risk management services) PS/2016/256
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3.	FINANCIAL CONSIDERATIONS						
3.1	Previous Contract Cost	£5.5M over 5 year period (or £1.1M per annum)					
3.2	Scope Changes	Is there any increase / decrease in scope that could impact costs?	Yes - there is an increase in scope				
3.3	Annual Cost	Year	19/20 £000's	20/21 £000's	21/22 £000's	Later £000's	Total £000's
		Total Spend	£1.1M	£1.1M	£1.1M	£2.2M	£5.5M
3.4	Funding Breakdown Identified	Revenue Budget	£1.1M	£1.1M	£1.1M	£2.2M	£5.5M
		Capital Budget	N/A	N/A	N/A	N/A	N/A
		Other (Please State)	N/A	N/A	N/A	N/A	N/A
		Other (Please State)	N/A	N/A	N/A	N/A	N/A
	Total Funding	£1.1M	£1.1M	£1.1M	£2.2M	£5.5M	
3.5	Budget Code(s)	Various - Budgets for insurance premiums are held across the council within individual service areas.					
3.6	Unsupported borrowing	N/A					
3.7	Other Financial Implications	The tender of the council's insurance programme will enable the council to obtain insurance on the best terms available in the insurance market for the public sector. Potential for scope changes (outlined in 3.2 above) as unlikely that the base information for insurance will remain constant throughout the contract term. Other factors include: Under Liability, Motor and Engineering covers the premiums tend to increase per annum in line with the Average Weekly Earnings (AWE) index and for Property covers the sums insured are uplifted per annum in line with inflation, which result in an increase to premiums.					

4.	PROCUREMENT ROUTE	
4.1	Procurement Route	EU Open Tender
4.2	Procurement Route Rationale	To ensure compliance with procurement directives and regulations a tender exercise will be carried out to procure the services. This will follow the EU Open Tender procedure The Council's existing insurance broker will be used to manage the exercise to ensure the widest possible selection of insurance companies/providers are engaged in the tender.
4.3	Does the contract require a waiver?	No
4.4	Single Source justification	N/A - not a single source
4.5	Waiver Rationale	N/A.

5.	PROCUREMENT TIMETABLE		
5.1	Procurement Timetable	Publish Contract Notice	01 October 2018
		Selection Questionnaire Return	N/A
		Invitation to Tender Issue	17 October 2018
		Invitation to Tender Return	14 November 2018
		Notification of Result	18 February 2019
		Standstill Period	19th to 28th February 2019
		Expected Award Date	01 March 2019
	Contract Commencement	01 April 2019	

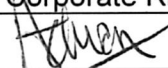
6.	RISKS, CONSULTATION AND MANAGEMENT					
6.1	Tender Process Risks	Risk Level			Negative Impact	Mitigation
	Capacity to undertake & manage tender	D - Low Likelihood	II - Significant Impact	DII - Low Risk	Non compliance with directives/ regulations and time frames	Existing insurance broker to support & manage tender exercise, outline project plan/timetable established and resource identified
	Hardening & specialist market for public sector insurance	C - Significant Likelihood	II - Significant Impact	CII - High Risk	Potential increase to market rates and/or excess & stop loss limits, could result in higher premiums & self funding levels.	Existing insurance broker to support & manage the tender, review insurance programme design and ensure the widest possible selection of insurance service providers are engaged in the tender
	Financial Health of prospective providers of insurance & related services	D - Low Likelihood	II - Significant Impact	DII - Low Risk	Service not sustainable.	Existing insurance broker to support & manage tender exercise, regularly monitor/review the insurance market for the public sector and credit ratings /financial health of potential providers.
6.2	Contract Performance Risks	Risk Level			Negative Impact	Mitigation

	Insurance service provider(s) experience financial difficulties.	D - Low Likelihood	II - Significant Impact	DII - Low Risk	Insurance expires	Existing insurance broker to support & manage tender exercise, regularly monitor/review the insurance market for the public sector and credit ratings/financial health of providers. Break clause to be incorporated in contract if ratings fall below set level.
	Insurance provider(s) break or alter terms during course of contract (e.g. renewal)	C - Significant Likelihood	II - Significant Impact	CII - High Risk	Potential changes to cover and premiums.	Insurance provider(s) required to provide renewal terms 90 days prior to renewal to enable time to re tender the business, if appropriate. Regular monitoring and reporting of insurance market for public services by insurance broker.
	N/A	N/A	N/A	N/A	N/A	N/A
6.3	Contingency	If any significant delays or problems are encountered with the procurement and it was established that cover would not be in place from 1st April 2019 the Council would look to extend the current insurance arrangements with the existing provider for an appropriate period (e.g. six months or 1 year).				
6.4	Consultation	Approval to Tender – Procurement, Legal and Finance consultation, agreement and sign off. Approval to Tender report to Cabinet, via Directors Board. Review of Insurance Programme Design – Consultation as appropriate with Director of Finance & IT and services on any design alternative put forward by review. Award of Contract – Insurance to report to Director of Finance & IT. Director of Finance & IT to enter into and award the contracts following the procurement process, in consultation with the Portfolio Holder for Finance.				

6.5	Project and Contract Management	Existing insurance broker to support the tender and to ensure that the widest possible selection of insurance providers are engaged in the tender. Project plan/timetable established and resource identified. Corporate Risk & Insurance Manager and Insurance Team Manager to support and manage the exercise. Regular monitoring and reporting of progress and developments to Director of Finance & IT, Directors Board and Members as appropriate. Service standards incorporated in the tender and regular contract monitoring and review arrangements for underwriting and claims handling services to be established with provider(s) following award of contract.
6.6	Procurement Implications	The Procurement Team will work with the Council's Insurance Team and Insurance Broker to ensure a thorough and commercially robust process is followed. Use of the Open Procedure will deliver sufficient flexibility for the Council's requirements.

7.	LEGAL, FINANCE AND PROCUREMENT APPROVAL	
7.1	Procurement	I confirm that I have been consulted and agree with the information contained in this report in so far as it relates to Procurement implications
		Name Stefanie Seff, Strategy & Delivery Manager (Email 04/06/18 16:08)
		Signed <i>(or obtain email confirmation)</i>
		Date 04/06/2018
7.2	Legal	I confirm that I have been consulted and agree with the information contained in this report in so far as it relates to Legal implications
		Name Kevin Molloy, Solicitor (Email 16/05/18 13:52)
		Signed <i>(or obtain email confirmation)</i>
		Date 16/05/2018
7.3	Finance	I confirm that I have been consulted and agree with the information contained in this report in so far as it relates to Financial implications
		Name Carl Tomlinson, Finance Manager (Email 05/06/18 15:14)
		Signed <i>(or obtain email confirmation)</i>
		Date 05/06/2018

8.	APPROVAL TO PROCEED	
8.1	Approval Level	Over £750,000 - Cabinet

8.2	Responsible Officer	I confirm that this procurement will be carried out in accordance with Rule 5 of the Council's Contract Procedure Rules (Chapter 9, Part 2 of the Constitution) and in particular the following duties have been met:	
		<ul style="list-style-type: none"> • Compliance will occur with all regulatory or statutory provisions and the Council's decision making requirements • The Contract will be included on the Council's Contract Register • Value for Money will be achieved • Advice has or will be sought from the Director of Finance and Corporate governance as to an appropriate security bond or guarantee • Document Retention Policy has and will be complied with • Financial Evaluation will be made of all the proposed tenders including the recommended bidder • Advice has been and will be sought and followed from Procurement, Legal and Finance as necessary 	
		Name	Andy Owen, Corporate Risk and Insurance Manager
		Signed	
		Date	15/05/2018
8.3	Assistant Director	In accordance with the Contract Procedure Rules, I confirm the accuracy of the information contained within this form and authorise this request to Proceed to Tender including, where relevant, the permitting of a Waiver from the Contract Procedure Rules in accordance with Rule 13.	
		Name	N/A
		Signed <i>(or obtain email confirmation)</i>	
		Date	N/A
8.4	Corporate Director	In accordance with the Contract Procedure Rules, I confirm the accuracy of the information contained within this form and authorise this request to Proceed to Tender including, where relevant, the permitting of a Waiver from the Contract Procedure Rules in accordance with Rule 13.	
		I confirm that the Portfolio Holder has been consulted as required	
		Name	Sean Clark, Director of Finance & IT (Email 07/06/2018 15:13)
		Signed <i>(or obtain email confirmation)</i>	
		Date	07/06/2018
8.5	Director of Finance and IT (If waiver required)	In accordance with the Contract Procedure Rules, I confirm the accuracy of the information contained within this form and authorise this request to Proceed to Tender including, where relevant, the permitting of a Waiver from the Contract Procedure Rules in accordance with Rule 13.	
		Name	N/A
		Signed <i>(or obtain email confirmation)</i>	
		Date	N/A
8.6	Cabinet	Minute Number	Enter approval minute reference
		Date	Click here to enter a date.
<i>Now send complete form to Procurement Services signed and scanned</i>			