

13 July 2016		ITEM: 14 (Decision 01104376)
Cabinet		
Tender of the Council's Insurance and Associated Services		
Wards and communities affected: N/A	Key Decision: Key	
Report of: Councillor Shane Hebb, Cabinet Member for Finance and Central Services		
Accountable Head of Service: N/A		
Accountable Director: Sean Clark, Director of Finance and IT		
This report is Public except for Appendix 1 - The Outline of the Insurance Portfolio, which is judged to be commercially sensitive information.		

Executive Summary

The current contract for insurance and associated services is for an initial period of 3 years and expires on 31st March 2017. There is an option under the current contract to extend for a further 2 one year periods if renewal terms are favourable but current indicators show that this unlikely to be the case.

In readiness for the potential expiry of the contract and to ensure compliance with procurement directives and regulations 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.

As part of the exercise it is proposed that a review of the insurance programme design will be undertaken and relevant design alternatives considered to establish the most appropriate programme for the Council (including such components as extent of cover, level of deductibles, length of contract, 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 That Cabinet approve delegation to the Director of Finance & IT to tender the contract for the Council's insurance programme if renewal terms presented by the current provider are not favourable.**

2. Introduction and Background

- 2.1 The existing contract for the Council's insurance programme is with Zurich Municipal and the company was appointed as the Council's insurers following the tender undertaken in 2013.
- 2.2 The current contract is for an initial period of 3 years and expires on 31st March 2017. There is an option under the current contract to extend for a further 2 one year periods if renewal terms are favourable but current indicators show that this unlikely to be the case. The Council's current cost per annum for insurance and associated services is circa £1,200,000 and an outline of the insurance portfolio is included in Appendix 1.
- 2.3 The proposed procurement is estimated to exceed the European Union threshold for such a contract and a formal competitive tender is proposed to be undertaken in line with Council Contract Procedure and European Union Regulations. The Procurement Stage 1 - Approval to Proceed to Tender form is included under Appendix 2

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 will be used to manage the tender and ensure the widest possible selection of insurance companies from the market are engaged in the exercise.
- 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, length of contract, etc.).

4. Reasons for Recommendation

- 4.1 The decision to undertake a tender of the Council's insurance programme in readiness for the potential expiry of the contract on the 31st March 2017 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 associated services was presented to Directors Board on the 14th June 2016.

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: Carl Tomlinson
Finance Manager**

As stated within the report, the current cost of the Council's insurance premium is circa £1.2m 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: Kevin Molloy
Solicitor**

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 & IT Directorate.

9. **Appendices to the report**

- Appendix 1 - Outline of insurance portfolio.
- Appendix 2 - The Procurement Stage 1, Approval to Proceed to Tender form

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