

Appendix 2**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 attached with the request to tender report to Cabinet. This form will be “Open” for Publication.

Section A: ABOUT THIS PROCUREMENT	
Title	Tender of Insurance and Associated Services
Directorate	Chief Executive's
Procurement Reference Number	PS/2016/256
Contract Cost (Maximum Spend)	£6M over 5 years
Budget code(s)	Various
Introduction and Background	The existing contract for the Council's insurance programme is with Zurich Municipal and expires on 31st March 2017. Zurich Municipal was appointed as the Council's insurer after a tender process in line with European Procurement Directives in 2013.
Proposed Contract Term	3 year initial period plus option for a further 2 one year periods
Political Sensitivity	N/A

Section B: COMMISSIONING REPORT

Business Case	<p>The current contract is for an initial period of 3 years and expires on 31st March 2017. There is an option to extend for a further 2 one year periods if renewal terms presented by the existing insurer are favourable but current indicators show that this is unlikely to be the case.</p> <p>As the public sector insurance market is 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 ensure the widest possible selection of insurance companies are engaged in the tender.</p> <p>The decision required is to tender the Council's insurance programme due to the expiry of the initial 3 year period 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.</p>
Key Deliverables (Draft Specification)	The tender will enable the Council to obtain the insurance on the best terms available in the current market conditions.
Quality v Price evaluation	45:55 Quality:Price
Social Value	Social value considered and does not apply as the insurance for the public sector is a specialist market and not suited for local business or the voluntary sector to provide.
Current / Previous Contract details	The current contract for the initial period of 3 years expires on 31st March 2017 (contract reference number PS/2013/562).

FINANCIAL IMPLICATIONS

Current / Previous Contract Cost	£6M over 5 year period (or £1.2M per annum)					
Cost Breakdown	Breakdown of Estimated Cost	17/18 £000's	18/19 £000's	19/20 £000's	Later £000's	Total £000's
	Total Spend	£	£	£	£	£
Confirm Funding Breakdown Identified	Revenue Budget	£1.2M	£1.2M	£1.2M	£2.4M	£6M
	Capital Budget	£	£	£	£	£
	Other (Please State)	£	£	£	£	£
	Other (Please State)	£	£	£	£	£
	Total Funding	£1.2M	£1.2M	£1.2M	£2.4M	£6M
Budget Code(s)	Budgets for insurance premiums are held across the council within individual service areas.					
Unsupported borrowing?	N/A					
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.					

PROCUREMENT ROUTE ABOVE TENDER THRESHOLD (Choose 1(of A, B, C or D) only)	
A. COMPETITIVE PROCUREMENT (complete B if a Framework)	
Procurement Route	EU Competitive Procedure with Negotiation
Procurement Justification	To ensure compliance with procurement directives and regulations a tender exercise will be carried out to procure the services. This will likely follow the Competitive Procedure with Negotiation, but may follow a different competitive procurement procedure if appropriate. The Council's existing insurance broker will be used to manage the exercise to ensure the widest possible selection of insurance companies are engaged in the tender.
B. FRAMEWORK (Waiver in accordance with Rule 13.1 (c))	
Framework?	Is this a procurement from a Framework? No
Title & Reference of Framework	N/A
Framework Rationale	N/A
C. REQUEST FOR QUOTE FROM RESTRICTED MARKET (Waiver in accordance with Rule 13.1 (d))	
Restricted Market?	Is this a request for quotes from a restricted market? No
Rationale (only permitted below the EU threshold)	N/A
D. SINGLE SOURCE REASON (Waiver in accordance with Rule 13.1 (a, b or d))	
Single Source	Is this Procurement a Single Source – One Quote/Tender <i>(Exceptional circumstances only and select reason below)</i> No
Single Source justification below EU Threshold	<i>Select reason and explain your rationale</i> N/A
Single Source justification above EU Threshold	If you are seeking a single tender above the EU threshold – using the “Negotiated Procedure without Call for Competition” route, this is only available in very exceptional circumstances. You must select the reason below and explain your rationale. N/A
Single Source Rationale	N/A

PROCUREMENT TIMETABLE, RISK, CONSULTATION AND MANAGEMENT		
Milestones and target dates	Key Event	Date
<i>(Draft - Outline plan & subject to change to fit the deadlines for reporting of the Award of Contract to Cabinet)</i>	Contract Notice to Office of OJEU for publication	01 November 2016
	Return of PQQs	N/A
	Tender documents available to Insurers	01 November 2016
	Return of Tenders	06 December 2016
	Notification of results to insurers by	25 January 2017
	Standstill period ends	06 February 2017
	Leaseholder Consultation	N/A
	Contract Award	07 February 2017
	Contract award notice to OJEU by	25 March 2017
	Contract Commencement	01 April 2017

Risk Management – Set out Main Risks and Mitigating Actions					
Risk	Likelihood (A – E)¹	Impact (I – IV)²	Level of Risk (High to Lower)³	Potential Negative Impact	Management / Mitigation of Risk
Tender Process Risks					
Capacity to undertake & manage tender	D	II	Lower	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 & limited insurance market for public sector.	C	II	High	Potential market increases in premium and self insurance levels	Existing insurance broker to support & manage the tender, review insurance programme design and ensure the widest possible selection of insurance companies are engaged in the tender
Contract Performance Management Risks					
Insurance provider(s) break or alter terms at mid contract (e.g. renewal)	C	II	High	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.
Insurance provider(s) experience financial difficulties.	D	II	Lower	Insurance expires	Existing insurance broker to support & manage tender exercise, regularly monitor/review the insurance market for the public sector and credit ratings of providers.
Contingency Arrangements	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 2017 the Council would look to renew/extend the current insurance arrangements with the existing provider.				

¹ **Risk Likelihood:** A = Very High, B = High, C = Significant, D = Low, E = Very Low

² **Risk Impact:** I = Critical, II = Significant, III = Marginal, IV = Negligible

³ **Risk Level:** High = AI, BI, AII, BII, CI, CII, all others lower

Consultation	<p>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 – Report to Cabinet, via Directors Board following consultation with Director of Finance & IT and PH for Central Services and advice from Procurement and Legal.</p>
Project and Contract Management Proposals	<p>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 outline established and resource identified. Interim Insurance & Risk 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.</p>
Procurement Comments	<p>It is the Council's intention for a broker to carry out the procurement process for this service. It is likely that the procurement procedure to be used will be Competitive with Negotiation, but this may alter if recommended. Thurrock Council's procurement team have been informed that the broker will ensure compliance with both EU and internal regulations.</p>

Section C: LEGAL, FINANCE AND PROCUREMENT APPROVAL

Procurement Services	Name	Kiri Mason, Senior Procurement Officer
	Signed (Or obtain email of confirmation)	K.M. (email 09/06/2016 15:30)
	Date	09/06/2016
Legal Services (Insofar as it relates to Legal implications)	Name	Kevin Molloy, Solicitor
	Signed (Or obtain email of confirmation)	K.M. (email 10/06/2016 09:56)
	Date	10/06/2016
Finance (Insofar as it relates to Finance implications)	Name	Carl Tomlinson, Finance Manager
	Signed (Or obtain email of confirmation)	C.T. (email 09/06/16 16:20)
	Date	09/06/2016

Section D: APPROVAL TO PROCEED VALUE

The Responsible Officer must sign the form, together with the Head of Service as a minimum. Delegated Authority Limits below.

Approval Level	Over £750,000 - Cabinet
-----------------------	-------------------------

Section E: SIGN OFF APPROVAL TO PROCEED

Confirmation by the Responsible Officer of Compliance with Contract Procedure Rules	The Responsible Officer Andy Owen, Interim Insurance & Risk Manager confirms that the procurement of Tender of Insurance & Associated Services and PS/2016/256 has been 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 by the Responsible Officer: <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 	
	Signed	 A.Owen, Interim Insurance & Risk Manager
	Date	09 June 2016
Approval to Proceed	In accordance with the Contract Procedure Rules, I/we 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	
Head of Service	Name	N/A
	Signed <i>(Or obtain email of confirmation)</i>	N/A
	Date	N/A
Corporate Director <i>I confirm that the Portfolio Holder has been consulted as required</i>	Name	S.Clark, Director of Finance & IT
	Signed <i>(Or obtain email of confirmation)</i>	S.C. (email 10/06/16 09:47)
	Date	10/06/2016
Head of Corporate Finance <i>If waiver required</i>	Name	N/A
	Signed <i>(Or obtain email of confirmation)</i>	N/A
	Date	N/A
Cabinet	Approval Minute Number	Enter minute reference
	Date	Click here to enter a date.
Now send complete form to Procurement Services signed and scanned (with emails if used)		