

Report Author:
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AWARD OF INSURANCE CONTRACT
COUNCILLOR DAVID SEATON, CABINET MEMBER FOR RESOURCES
MARCH 2018
DEADLINE DATE: 12 March 2018

Cabinet portfolio holder: Responsible Director:	Councillor Seaton, Cabinet Member for Resources Marion Kelly, Interim Corporate Director Resources
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: YES Unique Key decision Reference from Forward Plan: KEY / 18SEP17 / 01
Is this decision eligible for call-in?	NO With the approval of the Chairman of the Growth, Environment and Resources Scrutiny Committee Special Urgency and waiver of call-in procedures have been invoked to suspend the requirement to publish the decision for 5 days prior to publication, and to suspend the 3 day call-in period
Does this Public report have any annex that contains exempt information?	YES The attached exempt annex is NOT FOR PUBLICATION in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to business and financial affairs, namely details of the prices submitted by unsuccessful bidders. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it because to disclose it could prejudice the Council in any future procurement of these services.
Is this a project and if so has it been registered on Verto?	NO

RECOMMENDATIONS
The Cabinet Member is recommended to authorise the award of a new insurance contract to Zurich Municipal for the annual sum of £727,337-06 (inclusive of insurance premium tax). The contract will run from 1 April 2018 to 31 March 2023.

1.	PURPOSE OF THIS REPORT
1.1	This report is for the Cabinet Member for Resources to consider exercising delegated authority under paragraph 3.4.8 (a) of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (k).

1.2	The attached exempt annex is NOT FOR PUBLICATION in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to business and financial affairs, namely details of the prices submitted by unsuccessful bidders. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so could prejudice the Council in any future procurement of these services.		
1.3	With the approval of the Chairman of the Growth, Environment and Resources Scrutiny Committee Special Urgency and waiver of call-in procedures have been invoked to suspend the requirement to publish the decision for 5 days prior to publication, and to suspend the 3 day call-in period. This is because the contract is required to commence on 1 April 2018 and the letters of engagement will need to be issued prior to that to ensure that suitable adjustments can be made.		
2.	TIMESCALES		
	Is this a Major Policy Item / Statutory Plan?	NO	If yes, date for Cabinet meeting
			N/A
3.	BACKGROUND AND KEY ISSUES		
3.1	Approve the recommendation to award the Council's insurance contract for the next 5 years. The recommendation is that: <ul style="list-style-type: none"> • Lots 1 - 5 are awarded to Zurich Municipal 		
4.	CONSULTATION		
4.1	Prior to the insurance tender being prepared, consultation was undertaken with the Procurement Team, commencing in August 2017. The Official Journal of the European Union (OJEU) notice was issued by Procurement on 9 January 2018 and the tender document itself on 9 January 2018, on which date the tender was loaded into the Council's electronic procurement portal, SourceDogg.		
4.2	A consultation was also carried out with Legal, who approved the tender document and OJEU notice on 4 January 2018.		
5.	ANTICIPATED OUTCOMES OR IMPACT		
5.1	In the event the recommended insurer is accepted, a new insurance contract will be put in place to ensure the Council has adequate insurance cover for the next 3 to 5 years.		
6.	REASON FOR THE RECOMMENDATION		
6.1	The Council's current insurance arrangements come to an end on 31 March 2018 and a tender process under the Public Contracts Regulations 2015 was undertaken to attract quotes from the market on a long term agreement basis for the next 3 to 5 years.		
6.2	As the Council's liabilities, property portfolio and general make-up has changed significantly since the previous tender exercise, a full review of the existing insurances and the Council's requirements for the future was undertaken beforehand.		

6.3	Following this exercise, the tender was drawn up, splitting the insurances across 5 lots. Not all the insurance companies currently operating in the local authority market underwrite business across all the insurances required and so splitting the insurances into lots allowed the Council to attract competitive quotes from a greater number of insurance companies, who would otherwise not have been in a position to quote for the whole of the business.																								
6.4	<p>The lots were split across the whole insurance package as follows:</p> <p>Lot 1 – Property and Engineering Lot 2 – Casualty Lot 3 – Combined Authority Lot 4 – Motor Lot 5 – Personal Accident & Travel</p>																								
6.5	When the insurance was previously tendered in 2013, insurance premiums were starting to rise from the very low levels seen previously, however the insurance market has subsequently hardened considerably and it was therefore a concern that the cost of insurance this time would rise. However, by making best use of the tender process and highlighting the Council's good claims history, costs have in fact reduced slightly in most areas and a saving will be generated overall of 15%, which is around £98,000 per year for each of the contract.																								
6.6	The tender has been evaluated independently by the Council's brokers, the evaluation criteria being price, policy cover, service delivery and risk management advice/additional services. Three insurers bid for the contract across the 5 lots. Zurich Municipal has been recommended by brokers for each lot following the outcome of the evaluation process as they can provide the best overall package of insurance measured against the set criteria and so are considered to be best placed to meet the Council's insurance needs for the next 3 to 5 years.																								
6.7	<p>The evaluation results for each lot were as follows:</p> <table border="1" data-bbox="296 1245 1238 1413"> <thead> <tr> <th></th> <th>Lot 1</th> <th>Lot 2</th> <th>Lot3</th> <th>Lot 4</th> <th>Lot 5</th> </tr> </thead> <tbody> <tr> <td>Bidder 1</td> <td></td> <td>889.79</td> <td></td> <td>896.08</td> <td>614.76</td> </tr> <tr> <td>Bidder 2</td> <td>906.01</td> <td>910</td> <td>460</td> <td>834.7</td> <td>630.17</td> </tr> <tr> <td>Bidder 3</td> <td>983.95</td> <td>927.04</td> <td>910</td> <td>980</td> <td>920</td> </tr> </tbody> </table>		Lot 1	Lot 2	Lot3	Lot 4	Lot 5	Bidder 1		889.79		896.08	614.76	Bidder 2	906.01	910	460	834.7	630.17	Bidder 3	983.95	927.04	910	980	920
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7.	ALTERNATIVE OPTIONS CONSIDERED																								
7.1	The insurance contract could be awarded to other insurers who submitted a tender bid, however as they scored less highly than those recommended, there would be adverse costs implications for the Council or issues with policy cover.																								
8.	IMPLICATIONS																								
	Financial Implications																								
8.1	Once the contract is awarded, the Finance teams will have to incorporate the premium charges into the budgets for 2018 / 2019 and subsequent years.																								
	Legal Implications																								
8.2	The Legal implications are set out within the report.																								

	Equalities Implications
8.3	None.
9.	DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED
9.1	None.
10.	BACKGROUND DOCUMENTS Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.
10.1	None.
11.	APPENDICES
11.1	