

**TENDER FOR COUNCIL INSURANCE POLICIES INCLUDING
CLAIMS HANDLING FROM 1 APRIL 2019**

**FINANCE, MODERNISATION AND PERFORMANCE (CHRIS
WEAVER)**

AGENDA ITEM:7

*Appendices 1 and 2 to this report are exempt from publication pursuant to
the provisions of Schedule 12A Part 4 Paragraph 14 of the Local
Government Act 1972*

Reason for this Report

1. To seek the approval of the Cabinet to invite Tenders for the Council's insurance policies including Liability, Motor, Property and Miscellaneous and claims handling services for a five-year period, or for a three year period renewable for a further two years at the Council's option, from 1 April 2019 in accordance with the Contracts Procedure Rules.

Background

2. The Council's Liability insurance policies with QBE via Risk Management Partners including public liability, employer's liability and officers indemnity insurance and claims handling with Gallagher Bassett were tendered on 1 December 2013. The insurance has a £150,000 excess per claim and was extended for a 6-month period to give an expiry date of 31 March 2019.
3. The Motor Insurance including claims handling is currently with Protector Insurance. The motor insurance provides comprehensive Insurance with a £25,000 excess per claim. This is for all Council owned, long-term lease or hired vehicles. The policy was tendered on 1 April 2017 for a two-year period, which expires on 31 March 2019. The uninsured loss recovery insurance with MAPS was also placed for the period 1 April 2017 to 31 March 2019.
4. The property insurance, including money and all risks insurance is currently with Zurich Municipal and was tendered from 1 April 2017 for a 2 year period and is due to expire on 31 March 2019. The property insurance provides material damage cover to Council owned property, or for which it is legally responsible, including business interruption. There is a £150,000 excess

5. The Engineering and Computer insurance with Allianz and HSB Engineering were tendered on 1 October 2013 for a 5-year period. The insurance policies were extended for a 6-month period and the expiry date is the 31 March 2019.
6. The miscellaneous insurances covering Fidelity Guarantee with RMP/QBE, Marine with Travelers Insurance, All Risks-Fine Art with RMP/Ecclesiastical, Personal Accident and Travel insurances with Zurich Municipal and School Journey insurance with RMP/AIG were tendered from 1 April 2017 for a 2 year period and are due to expire on 31 March 2019.
7. The Council's appointed Insurance Broker, Aon Risk Solutions, will carry out the tender procedure in line with the Council's Contract Procedure Rules and using the NPS Framework agreement.
8. The Corporate Director Resources has responsibility to effect insurance cover and to arrange for the negotiation of claims in consultation with other Directors, where necessary under Financial Procedure Rules 4.141.
9. The evaluation criteria i.e. the criteria to be used to assess bids and to determine which bidders are to be appointed as insurers/claims handlers is intended to achieve the most economically advantageous offer to the Council.
10. The tender will be advertised via the Council's Proactis portal using the NPS Insurance Framework and bidders will then be invited to submit a full tender bid. The balance between quality and price in the evaluation criteria will be 60% price and 40% quality as detailed below
11. The suggested criteria and scoring system are as follows:-

Criteria	Score
Price: The Price to be used will be the total premium calculated over the period of the Long Term Agreement offered. If indexation is required at each or any renewal within the Long Term Agreement the bid price will be calculated by including an amount for indexation based on the current rate of indexation used by the bidder.	60%
Quality: Quality is based on Cover/Underwriting Service/Claims Service and Added Value including Innovations and enhancements Bidders will be awarded a score which directly reflects the points achieved from the answers given in the completed Evaluation Toolkit	40%

Issues

12. The estimated contract value exceeds £5,000,000 over the five-year period and in order to comply with Financial Procedure Rules and Contract Standing Orders and Procurement Rules Cabinet approval to

proceed with the tender process and to agree the evaluation criteria is required.

Reason for Recommendations

13. The recommendation is proposed in order that a successful outcome is achieved from the tendering process and that the Council secures a financially sound, good quality and efficient Insurance and claims handling facility.

Financial Implications

14. The report seeks approval for the procurement of insurance policies with effect from 1 April 2019 when the existing arrangements are due to end. Changing market conditions suggest that there could be some price increases, however, tendering the policies together may generate some economies of scale. The outcome of any procurement process cannot be predicted in advance and any financial implications in respect of annual premia will be clearer once the procurement exercise has been completed. The total annual premium in 2018/19 was £1.8 million.
15. The insurance programme is a key part of the Council's financial resilience and the tendered policies must ensure that suitable insurance cover is in place to protect the Council's assets and potential liabilities. The elements of the evaluation criteria aimed at assessing quality of cover will therefore require particularly careful assessment.
16. If this tender does not proceed then the Council will not have any insurance protection in place. This could cause a huge financial loss if for example a large operational building suffered a fire or other large loss or if one of the large fleet vehicles was involved in a serious motor accident involving a number of vehicles.

Legal Implications

17. The report recommends that approval is given to commence a procurement using NPS framework. It is understood that the framework has been put in place in accordance with the European procurement regulations.
18. A participating local authority can carry out a mini-competition to establish which Framework Supplier provides the most economically advantageous tender. Any Call off contract must be carried out in accordance with the Call Off Process set out in the Framework Agreement. Legal Services are instructed that the tender process and evaluation criteria proposed will accord with the Framework Agreement. It should be noted that the terms and conditions will be those as set down by the Framework Agreement and the client department should satisfy themselves as to whether they are suitable for their requirements.
19. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010. Pursuant to these legal

duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: (a). Age,(b) Gender reassignment(c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h)Sexual orientation (i)Religion or belief – including lack of belief.

20. The decision maker should also have regard when making its decision to the Council's wider obligations under the Social Services and Wellbeing (Wales) Act 2014 and The Wellbeing of Future Generations (Wales) Act 2015. In brief, both acts make provision with regards promoting/improving wellbeing.
21. Legal Services are instructed that within the procurement documentation there is provision reserving the right for in house services to carry out the claims handling services mentioned in this report.

Commissioning & Procurement Implications

22. Our current contracted Insurance brokers will be developing the tender documentation with support from the Commissioning and Procurement team to ensure the procurement is undertaken in line with the Council's Contract Standing Order and Procedure Rules. The procurement will be compliantly run using the NPS Insurance support services framework and call off terms and conditions of that agreement.
23. The Council will look to mitigate some of the expected price increases that are due to changing market conditions by running one single procurement through economies of scale, whilst making best use of internal resources in carrying out a single procurement exercise as opposed to a procurement for individual policies.

RECOMMENDATIONS

The Cabinet is recommended to:-

1. authorise the commencement of the tender of the insurance and claims handling agreements for a term of 5 years, or 3 years with an option to extend for a further period of 2 years as set out in the report.
2. approve the high-level evaluation criteria set out in the report
3. delegate authority to determine and generally deal with all aspects of the procurement process (including and not limited to the breakdown of the evaluation criteria and issuing of documentation) and ancillary matters up to and including the awarding of the contract to Corporate Director, Resources in consultation with the Cabinet Member for Finance, Modernisation and Performance.

SENIOR RESPONSIBLE OFFICER	Christine Salter Corporate Director
	14 September 2018

The following appendices are attached:

Appendix 1 – Premiums 2018-19 (*exempt from publication*)

Appendix 2 – Document from Aon (*exempt from publication*)