

Report To: Policy & Resources Committee **Date:** 14 August 2012
Report By: Chief Financial Officer **Report No:** FIN/54/12/AP/BH
Contact Officer: Brendan Hurrell **Contact No:** 01475 712654
Subject: Request to Proceed to Tender – Insurance

1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee approval to issue tenders for the Council's Insurance Services for the period from 1 October 2013 for a maximum period to 30 September 2018.

2.0 SUMMARY

- 2.1 The Council's current Insurance Services contract is due to expire on 30 September 2013.
- 2.2 The annual value of this contract is between £0.5million to £0.6million. In terms of the Financial Regulations, Committee approval must be sought before issuing any tender which exceeds £250,000. Tenders will be advertised on the basis of two possible options –
- (i) A three year contract with an option to extend for a further period of 2 years and
 - (ii) A five year contract.
- 2.3 Given the value of the contract, the European Procurement Regime will apply. The Council's current broker, Marsh Insurance is providing specialist market advice to assist the Council with this tender.
- 2.4 Marsh has recommended that as well as price, policy cover, claims handling and provider expertise are important factors in this procurement. Previous tenders have included a high weighting to quality as the specification was not as developed. However, the price will be the major factor in this tender as the specification is well defined. Therefore, the tender will be advertised on the basis of 80% being attributed to cost and 20% to quality.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee approves the issuing of tenders in respect of the Council's Insurance Services as required in terms of the Council's Financial Regulations for a possible (i) three year contract with the option to extend for a further two years and (ii) a five year contract;

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council's current Insurance Services Contract is due to expire on 30 September 2013. The annual value of this contract is between £0.5million to £0.6million.
- 4.2 As the estimated value of the new proposed contract will be in excess of £250,000 Committee approval is required prior to issuing tenders. In addition, as the tender value exceeds European Procurement Thresholds, the contract will be subject to European Procurement Legislation.
- 4.3 As Insurance is deemed a specialist market, the current arrangement includes appointment of an insurance broker, Marsh Insurance to provide specialist advice in relation to the proposed tender methodology.
- 4.4 Marsh has recommended that as well as price, policy cover, claims handling and provider expertise are important factors in this procurement. Previous tenders have included a high weighting to quality as the specification was not as developed. However, the price will be the major factor in this tender as the specification is well defined. Therefore, the tender will be advertised on the basis of 80% being attributed to cost and 20% to quality.
- 4.5 Given the nature of the Insurance market in particular, the claims process, a longer term contract may be attractive to both the Council and the market place. The tender will therefore ask bidders to price for either or both of the following 2 pricing options:
- A 3 year contract with a Council option to extend for a further 2 years; and
 - A 5 year contract.

Given the estimated total contract value exceeds £250,000, a further report will be submitted to Committee seeking approval to accept the Most Economically Advantageous Tender as required in terms of Standing Order 9.2(ii). At that time Committee will be advised of the outcome of the procurement exercise including the most competitive pricing option for the Council.

5.0 FINANCIAL IMPLICATIONS

5.1 Financial Implications – Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Various	Insurance	1.10.13	Up to £0.6million		Costs are recharged to services based on cover levels and claims history.

6.0 LEGAL IMPLICATIONS

- 6.1 Legal & Democratic Services have been consulted on the content of this report. Our Insurance Department will liaise with Marsh Insurance, Legal and Procurement with regard to the tendering procedure to be adopted in this case.