

Report to: **Executive**
Date: **19 October 2017**
Title: **Insurance Contract**
Portfolio Area: **Cllr Wright - Support Services**

Wards Affected: **ALL**

Relevant Scrutiny Committee: Overview and Scrutiny Committee

Urgent Decision: **N** Approval and clearance obtained: **Y**

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Recommendations:

1. That the Executive note the progress of the procurement and;
2. That authority be delegated to the Section 151 Officer, in consultation with the Leader to award the Insurance contract for a period of 3 years from 1st January 2018 with the option to extend up to 4 further years

1. Executive summary

- 1.1 The Council's current Insurance contract expires on 31st December 2017 following a three month extension approved by Executive on 20 April 2017.
- 1.2 The Council have appointed Insurance specialists as consultants to support the procurement process and assist officers in evaluation of the tender responses.

- 1.3 An Invitation to tender will be published in October with Contract Award currently planned for late November 2017. As the next meeting of the Executive is in December 2017, authority is sought for the contract award decision to be taken by the Section 151 Officer in consultation with the Leader and Executive Member for Support Services.

2. Background

- 2.1 At their meeting on 20 April 2017, the Executive approved a three month extension to the Councils current insurance arrangements in order that a joint procurement could be explored with other Devon Councils (West Devon Borough Council, Mid Devon Council and Teignbridge District Council) South Hams District Council is the lead authority for this procurement (Minute E.88/16 refers).
- 2.2 The Councils have jointly procured the services of an Insurance specialist to assist with the procurement and to provide specialist advice to officers in assessing the tender responses.
- 2.3 The Insurance Procurement will be undertaken through the Government Crown Commercial Services Insurance Framework which allows a quicker process as the providers on the framework have already been pre-selected for inclusion within the procurement process.

3. Outcomes/outputs

3.1 The current annual spend on Insurance for the Council is approximately £410,000.

3.2 The Insurance procurement will include cover for the following categories of risk

- Property Damage, Business Interruption, Works in Progress, Money and Computers
- Employer's Liability and Public & Products Liability
- Libel & Slander, Professional Negligence and Officials Indemnity including Land Charges,
- Fidelity Guarantee
- Engineering Insurance & Inspections
- Motor Fleet
- Travel Including Personal Accident
- Terrorism

3.3 No decision has been made in respect of Insurance cover for terrorism related incidents however we will seek a price and consider if cover should be taken out based on price versus risk. We do not currently insure against this risk.

3.4 Submissions will be assessed by officers (with support from the Insurance specialist) to ascertain the most economically advantageous tender based on both Price (55%) and Quality (45%) evaluation criteria

3.5 The following evaluation criteria will be applied to the procurement for evaluation purposes

- Quality - Scope of cover 45%
 - Insurer policy wording and cover clauses 25%
 - Added value 8%
 - Claims handling 12%
- Price 55%

3.6 The Price score will be determined by an assessment of the detailed breakdown against the scope of work that the Councils may expect to receive. The aim is to consider value for money and to determine the most economically advantageous outcome for the Council within the allocated budgets.

3.7 The Quality score will be assessed against the bidder's response to a number of Method Statements. These are questions which offer bidders the opportunity to set out the services and service levels that would be delivered through the contract.

3.8 The tender submissions must be based on a minimum contract term of 3 years with the option for the Council to extend by a further period of up to 4 years.

4. Options available and consideration of risk

4.1 The Council must have insurance in place and therefore options are limited. Given the values which exceed the EU procurement threshold, a procurement must be undertaken.

4.2 The new Contract must be in place by 1st January 2018. In order to ensure sufficient time for post award due diligence, contract award must be made by the end of November 2017. Approval is therefore sought for approval for contract award to be delegated to the Section 151 Officer in consultation with the Leader and Executive Member for Support Services of South Hams District Council.

4.3 As with any procurement, there is the risk of a challenge from an unsuccessful bidder or other interested party. The Councils have taken Procurement and Legal advice in formulating the procurement to minimise the risk of this.

5. Proposed Way Forward

5.1 The Officer group continue with the procurement process with an aim of completing evaluation of tender responses in November 2017.

5.2 The contract award be delegated to the Councils Section 151 Officer in consultation with the Leader and Executive Member for Support Services.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The requirements of the Council's Contract Procedure Rules are set out in Section 3 of the report.
Financial		The current spend on Insurance for the Council is approximately £410,000 per annum. Until tender responses are received, the full financial impact cannot be assessed.
Risk		<p>Maintenance of an adequate insurance policy is a method of controlling risk through risk transfer to another party, as set out in the Council's risk management strategy.</p> <p>There is a risk that the procurement decision could be challenged by an unsuccessful bidder or other interested party however the procurement is being undertaken through a Crown Commercial Service Framework and in line with procurement regulations and the Councils own Contract Procedure rules in order to minimise the risk.</p>

Comprehensive Impact Assessment Implications		
Equality and Diversity		N/A
Safeguarding		N/A
Community Safety, Crime and Disorder		N/A
Health, Safety and Wellbeing		N/A
Other implications		N/A

Supporting Information

Appendices and Background Papers:
None

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted.	N/A