

CABINET

12 July 2022

PROCUREMENT OF NEW INSURANCE CONTRACT

Report of the Portfolio Holder for Finance, Governance and Performance, Change and Transformation

Strategic Aim:	All	
Key Decision: Yes	Forward Plan Reference: FP/100622	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr K Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation	
Contact Officer(s):	Saverio Della Rocca, Strategic Director for Resources (s.151 Officer)	01572 758159 sdrocca@rutland.gov.uk
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

1. Recommends to Council to delegate the award of the Insurance Services contract to the Strategic Director for Resources in consultation with the Portfolio Holder with responsibility for Finance.
2. Recommends to Council to delegate the finalisation of the evaluation criteria to the Strategic Director of Resources in consultation with the Portfolio Holder with responsibility for Finance, based on the advice of the Insurance Broker to achieve best value, on the proviso that price is maintained at a minimum of 50%.

1 PURPOSE OF THE REPORT

- 1.1 The Insurance Services Contract is expiring at the end of March 2023. This report updates members on the tender process for the contract and asks Cabinet to recommend to Council approval to delegate the award of the contract and to finalise the evaluation criteria to the Strategic Director for Resources in consultation with the Portfolio Holder.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Council currently has a contract with Zurich Municipal for all its insurance services (including property, motor, accident, Public Liability etc.) which was last tendered in 2014. The existing contract is due to expire on 31 March 2023.
- 2.2 The original term was for 7 years, but the Council extended the original term by two years during the pandemic as resources were diverted to pandemic work.
- 2.3 In undertaking the procurement the Council will be assisted by
- **Welland Procurement** - on the process to follow for the renewal of the Insurance Services Contract.
 - **An Insurance Broker** - due to the specialist nature of the Insurance Market and increase interest (some insurers will only consider tenders prepared by a broker) working with a broker is advisable. The Broker will ensure the risk profiles and associated information is prepared and packaged in line with custom and practice for this sector. Insurers are then confident they can make a valid assessment of the Councils risks and bid accordingly.
- 2.4 The roles and responsibilities of each party involved in the tender process are set out in Appendix A.

3 INSURANCE BROKER APPOINTMENT

- 3.1 The Council has discussed with two other Councils locally who have procured insurance tenders recently and all used a broker appointed via a direct award. Both councils used the same broker and positive feedback has been received.
- 3.2 As the cost of the broker's services will be below £10k the Council will be looking to award through a direct award process.

4 INSURANCE SERVICES TENDER

- 4.1 It is currently anticipated that an insurance framework will be used as it includes the main local government insurers.
- 4.2 It is intended that the majority of the insurance will be tendered as one 'lot' to obtain best value. This approach also removes difficulties that can arise from insurers of different classes of insurance disputing responsibility with each other. However, the Council will be guided by the Insurance Broker as to how best to procure the contract.
- 4.3 The high-level indicative timeline is as per the table below, a more detailed indicative timeline is shown in Appendix B

Stage	Date
Appoint Broker	June 2022
Publish Contract Notice	December 2022

Sign Off Evaluation Report and Agree Award	February 2023
Award Contract	March 2023
Contract Start Date	April 2023

4.4 The Tender term will be for a minimum of 5 years and a maximum of 10 years, with extensions from year 5.

4.5 The evaluation of the tender is currently expected to be based on the following breakdown, although this will be varied if deemed appropriate:

	Weightings (%)
Claims Handling	15
Technical and Legislative Support	12
Risk Management Support	5
Quality Management	5
Additional Services	3
Total Non-Price	40
Price	60
Total	100

4.6 The evaluation will seek to award to the most economically advantageous tender.

4.7 As the new contract needs to be in place by 1st April 2023 and post-tender all of the insurance policy documents will need to be provided and reviewed for compliance Cabinet is asked to recommend to Council to delegate authority to award the new contract(s) for the insurance cover to the Strategic Director of Resources in consultation with the Portfolio Holder.

5 CONSULTATION

5.1 Formal consultation is not required for any decisions being sought in this report.

5.2 As part of the procurement process the Head of Finance will undertake internal consultation to ensure that the insurance coverage of the Council is fit for purpose and meets the organisations needs.

6 ALTERNATIVE OPTIONS

6.1 The Council could request that the award and finalisation of award criteria not be delegated, however this is not recommended. Approval timescales would be very restrictive and could potentially affect the ability to have insurance cover in place by the 1st April 2023.

7 FINANCIAL IMPLICATIONS

- 7.1 As part of the budget setting process officers requested £10k to appoint a broker to support the procurement of the Insurance Services Contract. The costs of the broker are expected to be less than this budget.
- 7.2 The Council has an annual budget for Insurance Services of £330k of which £81k is recharged to commercial properties and schools. This budget is subject to annual inflation and the current Medium Term Financial Plan assumptions are deemed to be sufficient to meet the costs of the contract post procurement.
- 7.3 The Insurance Contract will be subject to annual renewals whereby changes to policies can be made for any change in circumstances e.g. assets sold/bought or for change in use.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 Welland Procurement Unit is being used to ensure that the contract will be in line with the requirements of the Public Contracts Regulations 2015 and the Council's Contract and Grant Procedure Rules.
- 8.2 Contracts with a value in excess of £1m need to be approved by Council in line with Contract and Grant Procedure Rules.

9 DATA PROTECTION IMPLICATIONS

- 9.1 A Data Protection Impact Assessments (DPIA) has not been completed as there are no data protection implications from the decision within the report.

10 EQUALITY IMPACT ASSESSMENT

- 10.1 An Equality Impact Assessment (EqIA) has not been completed for the following as this report does not impact on Council policies and procedures.

11 COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are no Community Safety Implications.

12 HEALTH AND WELLBEING IMPLICATIONS

- 12.1 There are no Health and Wellbeing Implications.

13 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 13.1 The report updates members on the procurement of the Insurance Services Contract and requests delegation to the Strategic Director for the award of the contract and finalisation of evaluation criteria.

14 BACKGROUND PAPERS

- 14.1 There are no additional background papers to the report.

15 APPENDICES

- 15.1 Appendix A – Roles and Responsibilities

15.2 Appendix B – Detailed timeline

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

Appendix A. Roles and Responsibilities

1 BROKER

- 1.1 Prepares the risk profiles, claims history, asset valuations and otherwise packages the Council's risks to present to the market in line with normal practices for this sector and to reflect the Council's requirements and preferences e.g., for a packaged bid from a single provider or separate packages of risk by category (Lotting) such as motor, property etc. to attract more competitive bids.
- 1.2 Lotting (separate packages of insurable risk) may result in more than one insurer and contract.
- 1.3 Some Councils prefer all their risks to be packaged into a single contract to appoint a single provider. A single provider may absorb less administrative resource e.g., for claims handling and annual updates of valuations and risk profiles. A packaged bid may be more attractive (more valuable) to the market.
- 1.4 The Broker will determine the optimum packaging of risks taking account of the Council's requirements, preferences and expectations.
- 1.5 The Broker prepares the tender documents. These include the packages of risk, the evaluation criteria and weightings agreed with the Council (the balance of Price vs Quality in assessing the bids), places the tender on the Brokerage DPS, leads on the evaluation, recommends the provider (or providers) for award.
- 1.6 The Broker will also help prepare the resulting contracts / policy documents for the Council to sign

2 COUNCIL

- 2.1 Provides the necessary financial information, asset valuations, claims history and other information requested by the Broker, to prepare the tender.

3 WELLAND PROCUREMENT

- 3.1 Reviews the Broker's prepared tender for compliance with the Public Contract Regulations and underpinning principles (transparency, equal treatment, non-discrimination), prepares or reviews the award decision and feedback letters and confirmation of award letters, publishes the mandatory Award Notice (unless this is published by the Framework, Administrator or Broker).

Appendix B. Detailed Timeline

Element of Process	Who	When
Meet with Broker to discuss procurement process and finalise timeline/ actions	Broker / Rutland	w/c 04 July 2022
EML property surveys of Rutland County Council locations with a sum insured in excess of £10M (if required)	Broker	July / August 2022
Produce Programme Design/Optimisation report (including actuarial review)	Broker	by 31 August 2022
Meet prospective suppliers (Insurer Pre-Engagement)	Broker / Rutland	w/c 05 September 2022
Issue example Award Criteria for review by Rutland County Council	Broker	by 30 September 2022
Produce draft Contract Notice for Rutland County Council approval	Broker	by 30 September 2022
Draft the Tender Specification for Rutland County Council to review	Broker	by 30 September 2022
Obtain updated claims experiences from current insurers (cut-off at 30 th September 2022)	Rutland	by 31 October 2022
Iterate and update the Tender Specification and add in ancillary documents	Broker	07 November 2022
Award Criteria finalised including weightings	Broker / Rutland	14 November 2022
Meet with Rutland County Council to discuss final version of documents	Broker	w/c 21 November 2022
Complete Tender Specification and sign	Rutland	by 30 November 2022
Publish Contract Notice	Broker	01 December 2022

Last date for submission of clarification questions	Insurance Market	31 December 2022
Date upon which all clarification questions will be responded to	Broker / Rutland	07 January 2023
Closing date for return of tender submissions	Insurance Market	31 January 2023
Commence evaluation, seeking clarifications with insurers if/where necessary	Broker	w/c 6 th February 2023
Meet with Rutland County Council to present tender evaluation report with recommendations	Broker	w/c 20 February 2023
Rutland County Council sign off evaluation report and agree award	Rutland	by 28 th February 2023
Rutland County Council to confirm decisions and instructions to Broker and insurers to be informed	Broker / Rutland	01 March 2023