

CABINET – 18TH NOVEMBER 2021

Report of the Strategic Director of Environmental and Corporate Services

Lead Member: Councillor Margaret Smidowicz

Part A

ITEM 8 INSURANCE CONTRACT PROCUREMENT

Purpose of Report

To seek approval to commence a procurement process for the Council's insurance contract. Cabinet approval is required because the value of the contract exceeds £500k.

Recommendations

1. That a procurement process to obtain a new insurance contract for a five year period commencing on 1st June 2022 be undertaken utilising the YPO (Yorkshire Purchasing Organisation) Insurance Placement Dynamic Purchasing System, Contract Reference: 00978.
2. That delegated authority is given to the Strategic Director for Environmental and Corporate Services to appoint a provider
3. That delegated authority is given to the Strategic Director for Environmental and Corporate Services to appoint an insurance broker under the provisions of the framework outlined at recommendation 1.

Reasons

1. To take advantage of the YPO Insurance Placement Dynamic Purchasing System, Contract Reference: 00978 and to enable competition from the widest range of potential insurance suppliers under the framework.
2. To enable the Strategic Director for Environmental and Corporate Services to evaluate the options available within the bids received and agree the detailed terms of each contract Lot awarded.
3. To ensure that competition is achieved from the widest range of potential insurance suppliers under the framework.

Policy Justification and Previous Decisions

At a meeting on 11th August 2016 Cabinet gave authority to award an insurance contract to May 2020 with the option for two one year extensions up to May 2022. (minute reference 33).

Implementation Timetable including Future Decisions and Scrutiny

The new insurance contracts will commence on the 1st June 2022.

Report Implications

The following implications have been identified for this report.

Financial Implications

The budget for the Council's insurance provision in 2021/22 was £485,800. It is envisaged that a small saving against this amount may be possible following the procurement process.'

The costs associated with appointing an insurance broker are estimated at approximately £15k.

The previous contract has shown that these costs are recouped via overall savings arising from the procurement process.

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
The procurement process may not result in any savings and could actually result in increased premium costs.	Likely (3)	Significant (2)	Moderate (6)	Past experience suggests that savings usually arise from market testing the insurance contract, although this cannot be guaranteed.
The outcome of the tender process may be challenged by an unsuccessful bidder.	Unlikely (2)	Significant (2)	Low (4)	The tender process was undertaken through an YPO framework contract which was let under full OJEU regulations.

Key Decision: Yes

Background Papers: Cabinet Report, 11 August 2016, Item 7
Cabinet Report, 11 May 2017, Item 8

Officer to contact: Simon Jackson
Strategic Director of Environmental and Corporate Services
(01509) 634699
simon.jackson@charnwood.gov.uk

Helen Gretton
Organisational Development Manager
(01509) 634556
Helen.gretton@charnwood.gov.uk

Part B

Background

1. The Council's current insurance contract expires on the 31st May 2022.
2. Historically, the Council followed an open market OJEU tender process for its insurance contract. However, the previous procurement was undertaken through the ESPO Insurance Services Framework (RM3731).
3. This contract has allowed the council to seek the best value from the procurement process due to the appointment of a broker, Aon.uk, and the further appointment of a range of specialist insurers.
4. Furthermore, the service received from both the broker and the specialist insurers has been much improved on previous contracts.
5. YPO have worked in partnership with ESPO to create an insurance solution that addresses the challenges organisations face when procuring insurance cover. The insurance placement dynamic purchasing system has been established to benefit tendering customers and allows us to;
 - i. Customise our requirements
 - ii. Access dynamic and fluid insurance markets
 - iii. Increase competition
 - iv. Procure any type of cover including highly specialist and niche insurance
 - v. Streamline the process as both insurers and types of cover can be easily identified
6. It is recommended that the Strategic Director of Environment and Corporate Services be given delegated authority to appoint a broker from the YPO Insurance Placement DPS, Contract Reference: 00978. A further competition exercise will then be undertaken with the use of the broker – there are currently 25 insurance providers within the DPS.
7. It is felt that this will give maximum opportunity to achieve the most economically advantageous solution for the Council.
8. The Council have been working with the Local Government Mutual (LGM) to seek an alternative option for insurance cover. However, latest correspondence from their Chief Officer, stated that they were presently unable to provide the cover offer.