

CABINET

17 October 2007

INSURANCE CONTRACT PROCUREMENT

REPORT OF HEAD OF FINANCE

Contact Officer: Alexis Garlick Tel No: 01962 848224 (email: [agarlick@winchester.gov.uk](mailto:agarlick@winchester.gov.uk))

RECENT REFERENCES:

None.

EXECUTIVE SUMMARY:

The existing five year Long Term Agreement for the Council's insurance cover will expire on 31<sup>st</sup> March 2008. It is planned to follow a European "open" procurement procedure (OJEU) to tender, and to use an evaluation matrix with a 60% quality and a 40% price weighting.

RECOMMENDATIONS:

That the Head of Finance, in consultation with the Head of Legal Services and the Portfolio Holder for Finance and Resources be authorised to determine and conduct the evaluation process based on a 60:40 quality:price ratio and to finalise the evaluation criteria set out in Appendix A, and that a further report be brought to Cabinet to approve the preferred insurer.

## CABINET

17 October 2007

### INSURANCE CONTRACT PROCUREMENT

#### Report of Head of Finance

#### DETAIL:

#### 1 Introduction

- 1.1 The existing five year Long Term Agreement for the Council's insurance cover will expire on 31<sup>st</sup> March 2008.
- 1.2 The annual cost of the insurance contract is circa £500k p.a. It is intended to offer a contract for an initial three year term with an option to extend for a further two years. This means that it will be necessary to tender through the European Procurement procedure and it is planned to follow the Official Journal of the European Union (OJEU) open procedure.

#### 2 Insurance Cover

- 2.1 The Council has a full range of insurance cover including; material damage, business interruption, liability, motor, engineering. Specific insurance policies are also arranged for leaseholders and hirers of Council premises.
- 2.2 A Self Insurance Fund is also operated which pays for insured risks not recoverable from the Insurer due to policy excess (the fund does not apply to leased cars). An actuarial assessment has recently been undertaken, and the results will be used as the basis for assessing the future level of the Self Insurance Fund.

#### 3 Evaluation

- 3.1 An officer group has been formed to plan and manage an effective process for the procurement, and they have appointed a consultant to assist with the production of the Invitation to Tender including the evaluation criteria.
- 3.2 Opportunities for a shared procurement exercise have been considered but none have been identified, mainly because renewal dates are not coterminous.
- 3.3 The insurance contract will be awarded on the basis of the most economically advantageous.
- 3.4 The proposed evaluation matrix is based on a 60% quality assessment and 40% cost. It is believed that the market for Local Authority insurance is very similar with regard to cost and that therefore it will be necessary to differentiate based on a quality assessment. The proposed evaluation matrix is included at Appendix A.

#### 4 Timetable

- 4.1 In order for a contract to be in place on 1<sup>st</sup> April 2008, a Cabinet decision is planned for February, with receipt of tenders in December allowing adequate time for evaluation, following an OJEU notice in October.

OTHER CONSIDERATIONS:

5 CORPORATE STRATEGY (RELEVANCE TO):

5.1 Insurance cover supports the whole of the Council's activities and is linked to the corporate priority of an Efficient and Effective Council.

6 RESOURCE IMPLICATIONS:

6.1 The annual insurance costs for 2007/08 amount to £500,000. It is targeted to reduce this cost through effective procurement and in recognition of reduced risk. The cost of the consultant is £3,000 which will be covered by the risk and insurance budget in 2007/08.

BACKGROUND DOCUMENTS:

Various documents held within the Finance Division.

APPENDICES

Appendix A            Proposed Evaluation Criteria

| <b>Criteria</b>   | <b>Evidence</b>   | <b>Weighting</b> |
|---|---|------------------|
| Financial Security  | Solvency (Standard & Poor) Rating above A or B                        | Y/N              |
|   | Market Standing - Investment Policy – Reputation /Management          | Y/N              |
|   | Satisfactory financial vet  | Y/N              |
| Equal Opportunities and Diversity                         | Polices as submitted with tender response                             | Y/N              |
| <b>Quality (60 Points)</b>                                |   |                  |
| Experience within Public Services Sector                  | Policy wording specific for the sector                                | 15               |
|   | Compliance with Service standards                                     |                  |
| Flexible Underwriting Approach                            | Account Underwriting approach   | 15               |
|   | Appropriate Service standards   |                  |
|   | Customer Charter  |                  |
| Claims Handling Methodology                               | Third Party settlement philosophy in relation to open housing land    | 20               |
|   | Facilities provided by Approved Repairer scheme                       |                  |
|   | Appropriate Service Standards   |                  |
|   | Client based Claims Management system                                 |                  |
|   | Treatment of abandoned Vehicle Claims                                 |                  |
| Risk Management and Risk Control Experience and Resources | Loss Control Surveyors with Local Authority risk experience           | 10               |
|   | Risk Management consultant / Training with Local Authority Experience |                  |
| <b>Cost 40 Points</b>                                     |   |                  |
| Cost Benefit  | Policy Cover and premium terms  | 35               |
|   | Discount for voluntary Property, EL, PL and Motor deductibles         |                  |
|   | Long Term Agreement discount  |                  |
|   | Rebate clauses & Guaranteed premiums                                  |                  |
|   | Alternative quotations and alternative cost and efficiency savings    | 5                |
| <b>Total</b>  |   | <b>100</b>       |

