

Report for: Cabinet

Title: Council's Corporate Insurance Arrangements

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Ward(s) affected: All

**Report for Key/
Non-Key Decision: Key Decision**

1. Describe the issue under consideration

1.1 To inform the Cabinet of the procurement process undertaken in accordance with Contract Standing Order (CSO) and award of contract in line with CSO 9.07.1(d) (*contracts valued at £500k or more may only be awarded by Cabinet*), via the Insurance London Consortium (ILC), to appoint a provider(s) for Motor Fleet Insurance; Property Insurance Services for Commercial Properties; Fidelity Guarantee (Crime) Insurance; provision of the Engineering Inspection Programme; and School Journey Insurance with effect from 1 April 2023, for a period of five years.

2. Cabinet Member Introduction

2.1 It is essential that the Council makes best arrangements to fulfil its responsibilities and the proposals in this report are after consideration of cost efficiency and service delivery.

3. Recommendations

3.1 That in accordance with Contract Standing Order (CSO) 9.07.1(d) the Cabinet approves the award of the contracts for the provision of the Insurance Services and Engineering Inspections via the ILC, effective from 1 April 2023, for a period of five years to the following providers:

- Motor Fleet (Lot 1) to Insurer 1 (identified in Exempt Appendix A),
- Commercial Properties (Lot 2) to Insurer 2 (identified in Exempt Appendix A),
- Fidelity Guarantee (Crime) Insurance (Lot 3) to Insurer 2 (identified in Exempt Appendix A),
- Engineering Inspection Programme (Lot 4) to Insurer 1 (identified in Exempt Appendix A),
- School Journey Insurance (Lot 5) to Insurer 2 (identified in Exempt Appendix A),

4. Reasons for decision

4.1 The current insurance and inspection contracts commenced on 1 April 2018 and were based on a total of five-year agreement. No further extensions are available; therefore, a new procurement process was required. It is necessary to ensure that the new contracts are in place from 1 April 2023, to avoid any gap in insurance cover for the Council.

5. Alternative options considered

5.1 Purchasing stand-alone cover for the Council, using agreed procurement processes. This was not considered appropriate because:

- Haringey Council's membership of the ILC has enabled it to benefit from significant economies of scale in procuring policies for a number of local authorities; these economies of scale would not be available if the Council were to opt for a single authority procurement route;
- Membership of the ILC has also allowed the Council to share best practice on insurance and risk management practices, which would not be available on a standalone basis; and
- The insurance market for local authority risks has historically had a limited number of competitors. Procuring through the ILC has previously increased the number of providers willing to respond and resulted in competitive premium rates.

6. Background information

6.1 Haringey, along with eight other London boroughs (Croydon, Camden, Harrow, Islington, Kingston, Lambeth, Sutton and Tower Hamlets) have continued to work as a formal consortium, the ILC, to share best practice in Risk Management and to procure insurance services. The Consortium has a formal s101 agreement in place which allows a local authority to arrange for any other authority to discharge a function on its behalf.

6.2 London Borough of Croydon was selected to be the lead authority for this procurement process, and a Memorandum of Understanding was entered into by all members of the ILC to this effect. A project group to manage the tender process was formed by representatives from all authorities within the ILC. Each participating authority will award its own contracts after completing the tender evaluation and in compliance with its own Standing Orders.

6.3 London Borough of Croydon managed the procurement process in compliance with their Council Standing Orders and the Public Contracts Regulations 2015. Tenders for the provision of insurance services were invited via the publication of a contract notice on 3rd October 2022.

6.4 Details of each of the Lots are summarised in Table 1 below:

Table 1

Lot reference	Details of Insurance Cover/Programme
Lot 1	Motor Fleet Policy
Lot 2	Commercial Properties (Buildings) Policy
Lot 3	Fidelity Guarantee (Crime) Policy
Lot 4	Engineering Inspection Programme
Lot 5	School Journey Policy

6.5 Bids were received via the Croydon Council's e-tendering portal. Details of the number of bids received against each tender Lot are as follows:

- Lot 1 – Motor Fleet Policy: 3 bids
- Lot 2 – Commercial Properties: 3 bids
- Lot 3 – Fidelity Guarantee: 2 bids
- Lot 4 – Engineering Inspection: 4 bids
- Lot 5 – School Journey: 3 bids

6.6 Details of the combined evaluated scores (Price and Quality) for each Lot are set out in Tables 2 – 6 below; the evaluation criteria set a maximum combined score available of 1,000 points.

Table 2

Lot 1 Motor Fleet	Evaluation Points Awarded
Insurer 1	880
Insurer 2	505
Insurer 3	522

Table 3

Lot 2 Commercial Properties	Evaluation Points Awarded
Insurer 1	707
Insurer 2	880
Insurer 3	631

Table 4

Lot 3 Fidelity Guarantee	Evaluation Points Awarded
Insurer 1	720
Insurer 2	768

Table 5

Lot 4 Engineering Inspection	Evaluation Points Awarded
Insurer 1	900
Insurer 2	839
Insurer 3	711
Insurer 4	664

Table 6

Lot 5 School Journeys	Evaluation Points Awarded
Insurer 1	696

Insurer 2	800
Insurer 3	130

6.7 The winners of each Lot are those organisations being recommended for contract award and to provide the corporate insurance service to the members of the ILC. For Haringey Council, the recommended providers are as follows: Motor Fleet (Lot 1) Insurer 1, Commercial Property (Lot2) Insurer 2, Fidelity Guarantee (Lot 3) Insurer 2, Engineering Inspection (Lot 4) Insurer 1, and School Journeys (Lot 5) Insurer 2.

6.8 The decision to insure is driven by our general obligations under the various local government acts including the 1972 Local Government Act to protect the financial position and stability of the authority and protecting it against catastrophic financial losses which is achieved through insurance/risk transfer. In addition, there are specific obligations under the lease for the Council as the Freeholder to insure our Commercial property portfolio.

7. Contribution to strategic outcomes

7.1 Through the combined and focused purchasing power of the ILC, the outcome of the procurement exercise continues to meet the objective of improving value for money for Haringey Council.

7.2 This was achieved by way of a review of our current insurance arrangements and a full marketing and retender exercise to identify the most economically advantageous tender to protect the financial position of the Authority.

7.3 Our current basis of insurance was then compared with the tender returns and as part of Quality evaluation we reviewed the new policy wordings, any extensions and/or restrictions of cover, policy enhancements & added value.

7.4 In relation to Lots 1, 3, 4 and 5 the current incumbent providers have won the tender so there is no decommissioning or handover. In relation to Lot 2, there is no decommissioning, as claims made for existing policy years will continue to be dealt with under the old arrangements.

8. Statutory Officers comments (Chief Finance Officer, Procurement, Legal and Equalities)

8.1 Chief Finance Officer

8.1.1 The total value of all the contract lots (excluding associated IPT) is £407,149 for the first year of the contract with the subsequent years' contract costs recognising the authority's claims experience and changes to the Council's asset base.

8.1.2 The funding for insurance premium payments for Lot 1 & 3 and the costs of the engineering inspection programme Lot 4 are held in ring-fenced budgets within the General Fund and Housing Revenue Account. Premiums for Commercial Properties (Lot 2) and School Journeys (Lot 5) are fully recharged to our commercial leaseholders and schools.

8.1.3 As detailed in the exempt part of this report the proposed contract awards will incur an overall net increase of £63,003 in annual premium costs across Lots 1

to 5 when compared to 2022/23 premiums, out of which £20,270 will be recharged to schools and commercial leaseholders. Existing insurance budgets are sufficient to meet the remainder of the additional costs.

8.2 Strategic Procurement comments

8.2.1 Strategic Procurement are satisfied a tender process has been undertaken in accordance with the Procurement Contract Regulations 2015 by Croydon Council (lead Authority) and in accordance with Croydon's contract standing orders, therefore support the recommendation to award the contracts to the Bidders as stated within the report.

CSO 7.01 a) permits the procurement to be undertaken as part of a group of public sector bodies where the contract standing orders of one of the public sector bodies have been followed and the applicable Regulations.

8.3 Legal

8.3.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.

8.3.2 The contracts referred to in 3.1 above have been procured by the Insurance London Consortium (ILC). The procurement has been led by Croydon Council.

8.3.3 Haringey Council is a member of the ILC and is identified in the tender notice as a contracting authority entitled to use this contract.

8.3.4 In accordance with CSO 9.07.1(d) Cabinet has authority to award the contracts referred to in the recommendations in 3.1 above.

8.3.5 The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report.

8.4 Equality

8.4.1 The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not; and
- foster good relations between people who share those characteristics and people who do not.

8.4.2 As contracted providers of Haringey Council, the awarded insurance and inspection services will be required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010

8.4.3 This report deals with the Council's engineering inspection programme and insurance arrangements for motor fleet, commercial properties, fidelity guarantee (crime) and school journey; improvements in managing insurance

policies and risk management will therefore improve services to the Council. It is important to note that none of these corporate insurance covers are provided to residents, customers, or employees but instead provides financial cover directly to Haringey Council itself and therefore the equalities impact is considered to be neutral.

9. Use of Appendices

Appendix A – Tender Evaluation Financial Report (exempt)

10. Local Government (Access to Information) Act 1985

Appendix A – Tender Evaluation Financial Report (exempt)

This report contains exempt and non-exempt information. Exempt information is contained in the exempt report and is not for publication. The exempt information is under the following category: (identified in the amended schedule 12 A of the Local Government Act 1972): paragraph 3 information relating to the financial or business affairs of any particular person (including the authority holding the information).