

Report for:	Cabinet Procurement Committee 23 rd February 2012	Item number	
Title:	The Council's Corporate Insurance Arrangements		
Report authorised by:	Director of Corporate Resources <i>J. Power 14/2/12</i>		
Lead Officer:	Anne Woods, Head of Audit & Risk Management		
Ward(s) affected: All	Report for Key Decision		

1. Describe the issue under consideration

1.1 To inform the Cabinet Procurement Committee of the procurement process undertaken, via the Insurance London Consortium, to appoint providers for the Council's Property and Liability insurance policies from 1 April 2012 to 31 March 2014, in accordance with the OJEU notice.

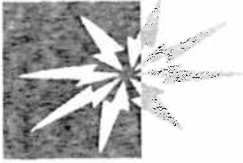
1.2 The current contracts for these policies have been in place since the 1st January 2010 and are due to expire on 31st March 2012. It is necessary to ensure that a new contract is in place from 1 April 2012, to avoid any gap in insurance cover for the Council.

2. Cabinet Member Introduction

2.1 I concur with the recommendation of this report. This recommendation is based on cost efficiency and service delivery.

3. Recommendations

3.1 That the Cabinet Procurement Committee approves the procurement of Property and Liability Insurance Policies via the Insurance London Consortium and awards the contracts for each of the insurance policies to the recommended providers listed in Appendix 2, with the total costs for 2012/13 as specified in paragraph 5 of Appendix 2.



4. Other options considered

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

- The insurance market for local authority risks has historically had a limited number of competitors, which has resulted in reduced competition and higher rates; and
- The Council has benefited from its membership of the Insurance London Consortium both in terms of achieving good value for money on the policies purchased and in the facility to share best practice on insurance and risk management practices.

5. Background Information

5.1 Haringey, along with eight other London boroughs (Croydon, Camden, Harrow, Islington, Kingston-upon-Thames, Lambeth, Sutton and Tower Hamlets) have continued to work as a formal consortium (Insurance London Consortium) 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.

5.2 The London Borough of Croydon was selected to be lead authority for this procurement process, and a Memorandum of Understanding was entered into by all members of the Consortium. A project group was formed by representatives from all authorities within the Consortium.

5.3 The project group has been meeting on a regular basis to ensure that all Consortium members participate fully in the procurement process including drafting and agreeing all tender documents, the invitation to tender, specification; insurance policy wordings; and the contract evaluation criteria. The project group also agreed that the procurement of Property and Liability insurance policies would be separated into two individual 'Lots' for the procurement process.

5.4 The London Borough of Croydon, as lead authority, has managed the procurement process in compliance with their Council Standing Orders and EU procurement regulations. Tenders for the provision of insurance were sought with insertion of the contract notice in the Official Journal of European Union (OJEU). The OJEU notice stated that the contract award would be a minimum of 24 months (2 years), with the option to extend up to 60 months (5 years).

5.5 The Consortium members established a procurement project plan which commenced on the 27th September 2011 with the issue of the EU notice;



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and is due to conclude on the 28th February 2012 with the placement of instructions to the selected and approved contractor.

6. Comments of the Chief Financial Officer and Financial Implications

6.1 The Council's Contract Standing Orders state that a contract for supplies and services exceeding £500k is a key decision which should be included in the Council's Forward Plan and approved by the Council's Cabinet Procurement Committee.

6.2 The recommended provider for each of the Property and Liability policies is broadly in line with the Council's existing budgets. Once final contracts have been approved and signed, budgets will be reviewed and re-aligned as appropriate.

7. Head of Legal Services Comments and Legal Implications

7.1 In accordance with the Public Contracts Regulations 2006 (the "Regulations") the contracts which this report relates to were advertised in the Official Journal of the European Union.

7.2 The London Borough of Croydon acted as purchasing authority on behalf of eight other London local authorities. Under the Regulations a contracting authority can act as a purchasing authority on behalf of other contracting authorities.

7.3 The London Borough of Haringey was named in the OJEU Notice. This complies with the requirement that in order to use a contract a contracting authority must be immediately identifiable in the OJEU Notice.

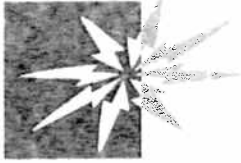
7.4 This is a key decision and the Directorate has confirmed it has been included in the Forward Plan.

7.5 As the contracts are valued over £250,000 they may only be awarded by Cabinet Procurement Committee.

7.6 The Head of Legal Services sees no legal reasons preventing Members from approving the recommendations in the report.

8. Equalities and Community Cohesion Comments

8.1 This report deals with the Council's corporate insurance arrangements and the purchase of insurance cover for all areas of the Council, which has an impact on various parts of the community. The continued improvements in managing insurance policies and risk management will therefore improve services the Council provides to all sections of the community.



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9. Head of Procurement Comments

9.1 In order to achieve value for money in a limited market a collaborative approach to the market has been used to maximise leverage and obtain the most competitive rates.

9.2 Contract management has been put in place both individually by Haringey council and on a cross borough basis to ensure contract compliance and to share best practise

9.3 The recommendation is in line with the Procurement code of Practise.

10. Policy Implications

10.1 There are no direct implications for the Council's existing policies, priorities and strategies.

11. Tender and Evaluation Processes

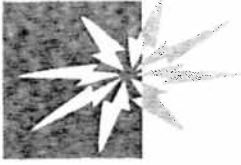
11.1 The procurement process will be subject to the Standing Orders and procedures of the London Borough of Croydon, acting as the lead authority. Each participating authority will award its own contracts in compliance with their own Standing Orders.

11.2 The project group determined that the most effective procurement arrangement would be to arrange the insurance provision requirements into specific 'Lots' for each of the two areas. This would allow prospective tenderers to submit bids against one, or more, of the specific Lots.

11.3 This would ensure that individual organisations which specialised in specific insurance provision arrangements would not be disadvantaged and excluded from bidding if the tender were to require organisations to bid for all types of insurance provision. Details of each of the Lots are summarised in Table 1 below.

Table 1

Lot 1	Property and associated classes Material Damage Business Interruption Computer(All Risks) Contract Works Works in Progress
Lot 2	Liability Employers Liability Public and Products Liability Professional Indemnity Libel and Slander Land Charges



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11.4 The project group determined and agreed evaluation criteria which would be applied to all compliant bids received. The evaluation criteria for each Lot are set out in Table 2 and 3 below:

Table 2

Criteria – Lot 1	Evaluation Weighting
Value for Money	66%
Quality	34%

Table 3

Criteria – Lot 2	Evaluation Weighting
Value for Money	70%
Quality	30%

12. Tender Results

12.1 Two providers returned tenders by the deadline of 17th January 2012. The bids were initially reviewed on the 19th January 2012 to confirm that they complied with the tender specification and were therefore able to be formally evaluated. No errors or omissions were identified with the submitted tenders, therefore the project group applied the agreed evaluation criteria and weightings detailed above to assess each of the tender submissions.

12.2 Each member of the project group evaluated the tenders individually, with ratings out of 100 in total being awarded for each Lot. The breakdown of the scores available for the evaluation is as follows:

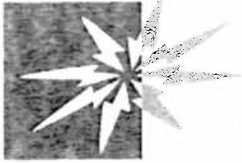
For Lot 1

- the total Value for Money score available was 66 points; and
- the total Quality score available was 34 points which was broken down further into three sub-categories: Variations (maximum of 12 points); Multi-year Deal (maximum of 12 points); and Added Value (maximum of 10 points).

For Lot 2

- the total Value for Money score available was 70 points; and
- the total quality score available was 30 which was broken down further into the same three sub-categories as for Lot 1: Variations (maximum of 10 points); Multi-year Deal (maximum of 12 points); and Added Value (maximum of 8 points).

12.3 Appendix 1 contains the details of the evaluation ratings for each of the Tenders for Lots 1 and 2. The project group agreed that, as a result of the evaluation process, it has been possible to recommend insurance providers for both Lot 1 and Lot 2.



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- 12.3 Appendix 2 sets out the recommended providers for each insurance policy. The premium costs indicated in the associated tables represent the premiums payable for 12 month period commencing 1st April 2012.
- 12.4 The premiums for the period 1st April 2013 to 31st March 2014 will be determined by the pre-agreed criteria included in the tender specification. Any changes to premium costs for 2013-14 will be based on each authority's claims experience; changes to the Council's asset base e.g. increases/decreases in stock, buildings etc; and any changes in employee numbers and payroll costs. The total premium costs detailed in Appendix 2 show the breakdown between the basic premium and statutory Insurance Premium Tax (IPT).
- 12.5 Although the London Borough of Croydon act as lead authority for the procurement phase, each Council will be required to manage and monitor its own part of the overall contract. In Haringey, the Risk and Insurance Manager will manage and monitor the Council's consortium insurance policies in accordance with the Council's agreed contract monitoring framework to ensure that the providers are meeting their contractual obligations.
- 12.6 The Consortium members will continue to meet on a regular basis to ensure that best practice is shared and any contractual or performance issues can be raised and resolved on an agreed basis between the Consortium members. This is considered to be the most effective means ensuring contract compliance is maintained across the consortium.