



<b>Report for:</b>	<b>Cabinet :</b> 12 <sup>th</sup> February 2013	<b>Item number</b>	
<b>Title:</b>	Insurance London Consortium Legal Services Panel for Litigated Insurance Claims		
<b>Report authorised by:</b>	Director of Corporate Resources <i>J. Power</i> 4/2/13		
<b>Lead Officer:</b>	Anne Woods, Head of Audit & Risk Management		
<b>Ward(s) affected: All</b>	<b>Report for Key Decision</b>		

**1. Describe the issue under consideration**

1.1 To inform Cabinet of the procurement process undertaken, via the Insurance London Consortium (ILC), to appoint a panel of solicitors for the provision of insurance litigation claims handling from 1 August 2012 for a three year period (fixed price), with an option to extend for a further two years, in accordance with the OJEU notice.

1.2 For the London Borough of Haringey to use the ILC panel of solicitors from 1<sup>st</sup> April 2013.

**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 Cabinet approves the use of the ILC Legal Services panel for litigated insurance claims from 1<sup>st</sup> April 2013 when the Council's current contract ends.



**4. Alternative options considered**

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

- The 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 ILC both in terms of achieving good value for money on the policies/services purchased and in the facility to share best practice on insurance and risk management practices.

**5. Background Information**

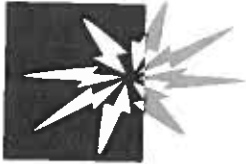
5.1 Haringey, along with eight other London boroughs (Croydon, Camden, Harrow, Islington, Kingston-upon-Thames, Lambeth, Sutton and Tower Hamlets) have continued to work as a formal consortium (ILC) to share best practice in Risk Management and to procure insurance services. The ILC has a formal s101 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 ILC. 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 ILC members participate fully in the procurement process including drafting and agreeing all tender documents, the invitation to tender, specification; insurance/contract wordings; and the contract evaluation criteria.

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 ILC Legal Services panel for litigated insurance claims 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 36 months (3 years), with the option to extend up to 60 months (5 years).

5.5 The ILC members established a procurement project plan which commenced on the 1<sup>st</sup> February 2012 with the issue of the EU notice; and was completed on the 29<sup>th</sup> June 2012 with the placement of instructions to the selected and approved contractors.



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- 5.6 The procurement process was the 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.
- 5.7 A restricted tender was undertaken with bidders having to meet a set criteria specified in a pre qualification questionnaire.
- 5.8 The evaluation exercise was completed by the project group which consisted of a representative from each member authority.
- 5.9 The tender process was a two stage process and was designed to look at both value for money and quality under stage 1. For stage 2, bidders had to give presentations based on different claims scenarios. The total score available for stage 1 was 25 points. Details of the evaluation results are in Appendices A and B.
- 5.10 The panel of five legal services providers allows ILC members to use the panel on a 'taxi rank' system. Under the taxi rank system each ILC member allocates their litigated claims in order of turn to each of the providers but for 'specialist' claims, for example abuse and human rights cases, individual ILC members can step outside the taxi rank system and use their preferred provider from the panel.
- 5.11 The ILC Legal Services panel has been in place since 1<sup>st</sup> August 2012, and allows ILC members to join the contract on expiry of their current contracts/agreements.
- 5.12 Contract monitoring will be ongoing and will include monthly monitoring reports and monitoring review meetings with each provider every 6 months.
- 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 Committee.
  - 6.2 By using the Consortium panel there will be an average 10% reduction over current rates, with an anticipated saving of £18K (based on current spend).
- 7. Head of Legal Services Comments and Legal Implications**
  - 7.1 In accordance with the Public Contracts Regulations 2006 ("the Regulations") the contracts for the legal services panel 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. In addition, there is a Section 101 Agreement in place under the Local Government Act 1972 between the consortium members which allows for the discharge of a local authority function by another local authority.

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 either be named or be identifiable in the OJEU Notice.

7.4 This is a Key Decision and Corporate Resources Directorate has confirmed that it has been included in the Forward Plan.

7.5 As the contracts to be awarded to the Legal Services panel would be in excess of £250,000, this award may only be approved by Cabinet in accordance with CSO 9.07.1 (d).

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

## **8. Equalities and Community Cohesion Comments**

8.1 The continued improvements in managing insurance and risk management will therefore improve services the Council provides.

## **9. Head of Procurement Comments**

9.1 The recommendation is in line with the Procurement Code of Practise

9.2. Contract monitoring arrangements are in place to ensure contract compliance and to mitigate any risk of service failure

9.3 The recommendation represents VFM in regard to the cost of the service and the avoidance of Haringey undertaking a procurement process.

## **10. Policy Implications**

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

## **11. Reasons for Decision**

11.1 The Council's current contract is due to expire on 31<sup>st</sup> March 2013. It is necessary to ensure that a new contract is in place from 1 April 2013, to avoid any gap in dealing with litigated claims for the Council.



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**12. Use of Appendices**

12.1 Appendix 1 contains the details of the evaluation ratings for each of the Tenders. (Exempt appendix 1)

12.2 Appendix 2 details the rates applicable for 36 month period commencing 1<sup>st</sup> August 2012. (Exempt appendix 2)

**13. Local Government (Access to Information) Act 1985**

13.1 The report contains exempt information. Exempt information is contained in Appendices 1 and 2 and is **not for publication**. The exempt information is under the following category (identified in amended schedule 12A of the Local Government Act 1972):

S(3) Information relating to the financial or business affairs of any particular person including the authority holding the information.

