



Report for:	Cabinet : 12 th February 2013	Item number	
Title:	Leaseholder Property Insurance Arrangements		
Report authorised by:	Director of Corporate Resources <i>J. Paver 4/2/13.</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 of the procurement process undertaken, via the Insurance London Consortium (ILC), to appoint a provider for the Leaseholders property insurance policy from 1 April 2013 for 3 years with an option to extend for a further 2 years, in accordance with the OJEU notice.

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 approves the procurement of the Leaseholder Property Insurance Provider via the ILC and awards the contract for the insurance policy to the recommended provider listed in Appendix 2, with the total costs for 2013/14 as specified in paragraph 3 of Appendix 2.

4. Alternative options considered

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



Haringey Council

- 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 ILC 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 (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.
- 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 ILC.
- 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.
- 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 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 5th September 2012 with the issue of the EU notice; and is due to conclude on the 28th February 2013 with the placement of instructions to the selected and approved contractor.
- 5.6 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.
- 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 Contract monitoring will be ongoing and will include monthly monitoring reports and monitoring review meetings with 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 There is no cost to Haringey Council for this Service. Haringey will pay the insurer in full and then recharge individual premiums to each leaseholder.
- 7. Head of Legal Services Comments and Legal Implications**
 - 7.1 In accordance with the Public Contracts Regulations 2006 (the "Regulations") the contracts to which this report relates 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 be immediately identifiable in the OJEU Notice.
 - 7.4 This is a Key Decision and as such needs to be included in the Forward Plan. Corporate Resources Directorate has confirmed that this has taken place
 - 7.5 As the contracts are valued over £250,000 they may only be awarded by the Cabinet .
 - 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 Leaseholders property insurance arrangements and the purchase of this insurance cover has an impact on Haringey's Leaseholders. The continued improvements in managing insurance policies and risk management will therefore improve services the Council provides to



Leaseholders. A full consultation process with leaseholders was carried out in compliance with required leaseholder legislation and requirements.

9. Head of Procurement Comments

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

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 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 current contract for this policy has been in place since the 1st April 2008 and is due to expire on 31st March 2013. It is necessary to ensure that a new contract is in place from 1 April 2013, to avoid any gap in insurance cover for the Council.

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 sets out the recommended provider. The premium costs indicated in the associated tables represent the premiums payable for 12 month period commencing 1st April 2013. (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.