

**TO: EXECUTIVE MEMBER FOR TRANSFORMATION AND FINANCE
02 OCTOBER 2014**

**CASUALTY INSURANCE PROCUREMENT PLAN
Director of Corporate Services**

1 PURPOSE OF REPORT

- 1.1 The objective of the proposed procurement is to put in place a new casualty insurance contract (Public Liability, Employers' Liability, Official's Indemnity, Libel and Slander and Professional Negligence) with effect from 1st April 2015 for the protection of the Council's liabilities.

2 RECOMMENDATION(S)

- 2.1 **That the Executive Member approves the Procurement Plan (which includes confidential information) for the procurement of Casualty Insurance Services.**

3 REASONS FOR RECOMMENDATION(S)

- 3.1 It is the requirement of the Contract Standing Orders that the Executive member approves the Procurement Plan with a value in excess of £400,000. The current spend for casualty insurance and claims handling is in excess of this, and whether future savings can be made will be dependant on this outcome of this procurement exercise.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The evaluation team intends to ensure value for money by carrying out a full tendering process using an 'Open Procedure'.
- 4.2 The use of a two stage 'Restricted Procedure' was considered, however it was felt that due to limited interest in the market, this would slow down the procurement process and cause un-necessary administrative burden on the evaluation team and suppliers.
- 4.3 No suitable existing frameworks were identified.

5 SUPPORTING INFORMATION

- 5.1 The project will cover the requirement for Casualty Insurance Services with effect from the 01st April 2015.
- 5.2 The anticipated timescales for this project are as follows:-

Place PIN Notice	July 2014
Advertise Requirement	August 2014

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Issue ITT	October 2014
ITT Return Date	November 2014
Executive Approval	January 2015
Contract Award	February 2015
Contract Start Date	1 April 2015

- 5.4 The team also intends to review the Specification in order to ensure any further efficiency savings have been identified and considered.
- 5.5 The noticed placed on the Official Journal of the European Union will indicate that the Council will make use of the Open Procedure, consisting of a one-staged approach. This will allow the team to ask a number of pre-qualification questions as part of the method statement, to ensure that the companies considered during the evaluation have appropriate resources and levels of experience in place.

6 **ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

- 6.1 Nothing to add to this report.

Borough Treasurer

- 6.2 Current conditions in the insurance market mean that a premium increase is almost inevitable. The impact will be minimised by seeking alternative prices based on higher levels of deductible. £200,000 was added to the insurance reserve in 2013/2014 to further reduce the impact on the 2015/2016 budget.

Equalities Impact Assessment

- 6.3 An EIA has been completed for this requirement and is attached.

Strategic Risk Management Issues

- 6.4 Revisions to the Public Contract regulations make it essential that the intended award of any contract or framework agreement is advertised when required by the regulations and that fair and transparent selection and evaluation methods are followed to avoid the risk of the courts declaring a contract ineffective. The project team will look to limit the risk by ensuring the requirement is advertised correctly, that all evaluation criteria are disclosed, all information provided throughout the tender process is communicated to all tenderers and that the appointment of the new contractor(s) is conducted in accordance with Contract Standing Orders.
- 6.5 Poor quality performance, particularly for the claims handling function provided by insurers is a potential risk, which could result in significantly increased claims costs. This is particularly relevant to the Casualty insurances. The project team will

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therefore seek to address this risk through setting the evaluation criteria at Quality 50%, Cost 50% to focus on the effectiveness of claims handling. The project team will also assess quality by ensuring that the successful tenderer has the relevant qualifications, experience and expertise for insuring and handling claims for a local authority.

- 6.6 The project team will seek to limit the risk of financial instability by requiring all tenderers to have a minimum Standard and Poors credit rating of 'A'. and by carrying out independent financial checks on all organisations on submission of the ITT.

Other Officers

- 6.7 Representatives from Corporate Procurement and Insurance Services form part of the project team responsible for evaluating tender responses.

7 CONSULTATION

Principal Groups Consulted

- 7.1 The Procurement Plan has been circulated amongst members of the Service Efficiency Strategy Steering Group and key members within Corporate Services before submitting to the Executive Member for approval.

Method of Consultation

- 7.2 Representatives from Corporate Procurement and Insurance Services form part of the project team and are ultimately responsible for ensuring their particular areas are adequately consulted on any key areas of the Specification and tender documentation

Background Papers

Appendix A Procurement Plan

Contact for further information

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