

**TO: THE EXECUTIVE
27 JANUARY 2015**

**INSURANCE AND CLAIMS HANDLING SERVICES CONTRACT AWARD
Borough Treasurer**

1. PURPOSE OF REPORT

- 1.1. The contract with the Council's current provider for casualty insurance and claims handling services was awarded with effect from 1 April 2013 with the initial term of three years and an option to extend by a further 2 periods of 1 year.
- 1.2. There have been a number of problems being experienced by Local Authority insurers with casualty risks specifically those authorities with responsibility for Highways and Social Services. The increases in premiums are in the main very substantial which has forced the Long Term Agreement in place for the Casualty Insurance programme (Public Liability, Employers' Liability, Official's Indemnity, Libel and Slander and Professional Negligence) to be broken and for the Council to retender its casualty insurance arrangements.
- 1.3. Following advertising, a robust evaluation of tenders submitted was carried out and the purpose of this report is now to seek approval to award the new contract.

2. RECOMMENDATION

2.1. That the Casualty Insurance and Claims Handling Services contract due to commence on 1st April 2015 be awarded as follows:-

- **That Tenderer B should be accepted for the provision of casualty insurance and claims handling services**
- **That the Council increase the deductible for casualty insurance from £25,000 to £50,000**
- **That the Council increases the annual budget provision for insurance deductible payments to £196,000.**

3 REASONS FOR RECOMMENDATION

- 3.1 To enable the continuation of a high quality casualty insurance provider and claims handling service delivering the best value for money.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The current insurance contract had to be retendered under EU procurement rules following the breaking of the long term agreement in place by the insurer, Travelers.

5 SUPPORTING INFORMATION

Market Conditions

- 5.1 Zurich Municipal, Travelers and Risk Management Partners have been the dominant insurers for public sector risks for a number of years. Aspen Insurance has started to show an interest in public sector business but this is still yet to translate into any meaningful presence. This year has seen a significant development in the casualty insurance market with some insurers experiencing substantial claims losses. Local Authority insurers are now requesting a greater range and depth of information to reduce their risk exposures which places an even greater importance on the need for detailed and comprehensive risk management to secure favourable rates.

Tendering

- 5.2 A Prior Information Notice (PIN) had been placed in OJEU prior to the tender advert to alert the market to the forthcoming competitive tender. The Tender was advertised using the open procedure on the OJEU website and advertised on the South East Business Portal website.
- 5.3 Tenders were assessed by the Project Team using the evaluation criteria agreed by the Executive Member for Transformation and Finance as part of the Procurement Plan and using the 50/50 quality/price weighting:
- 5.4 All members of the Project Team have carried out a detailed individual evaluation of the responses received. These were discussed and a combined evaluation score for the Project Team was subsequently agreed.
- 5.5 The Project Team recommends that the Council award the contract to Tenderer B

Evaluation of Prices

- 5.6 In line with the Invitation to Tender all tender responses were evaluated on the current deductible programme of £25,000, but Tenderers were also asked to submit prices for alternative deductible option of £50,000 to inform the decision on the level of deductible for the new contract.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The procurement has been carried out in accordance with the requirements of the Public Contracts Regulations and the Council's contract standing orders.

Borough Treasurer

- 6.2 Included in the confidential annex

Equalities Impact Assessment

Unrestricted

- 6.3 It is not considered that this decision is likely to affect or impact other groups within the Council or in the wider community; however an initial screening was completed at Procurement Plan stage. A copy of this was published and made available.

However, it should also be noted that the contract terms and conditions set out requirements for equal opportunities, human rights, professional conduct, health and safety and confidentiality.

Strategic Risk Management Issues

- 6.4 Insurance is a key means of mitigating risks to the Council. The tender evaluation process has included a detailed assessment of the insurance cover proposed by each Tenderer to ensure this meets the Council's needs.

Head of Procurement

- 6.5 Corporate Procurement has been fully involved in this tendering exercise and this report accurately records the results.

7 CONSULTATION

Principal Groups Consulted

- 7.1 The following groups/officers were consulted:

- The Tender Evaluation Team
- Borough Treasurer in his capacity of Project Sponsor
- Assistant Borough Solicitor
- Service Efficiency Group,

Method of Consultation

- 7.2 All members of the Tender Evaluation Team received copies of the draft specification and reviewed all tenders to feed in to their individual assessment and the overall assessment. The Team met to discuss and agree evaluation and agree scoring of the tenders. The Borough Treasurer as Project Sponsor was updated at regular intervals throughout the re-tendering process.

Representations Received

- 7.3 Not applicable

Background Papers

- Procurement Plan
- Invitation to Tender document including Contract Conditions
- Tender Evaluation Spreadsheet

Contact for further information

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