

Chichester District Council

The Cabinet

7 September 2021

Award of Contracts for Insurance Services

1. Contacts

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2. Recommendation

That the Cabinet:

2.1 Approve the award of the Council's insurance contract(s) to the bidder(s) with the highest evaluated score as set out in section 5 and exempt appendix 1

2.2 Delegate authority to the Director of Corporate Services to:

2.2.1 conclude the contractual arrangements and implement the relevant contracts to be effective from 1 November 2021;

2.2.2 approve the extension period beyond the initial contract period where appropriate; and,

2.2.3 arrange for continued marine insurance cover as set out in paragraph 3.6.

2.3 Where the above arrangements are not able to be finalised and successfully implemented before 30 October 2021, delegate authority to the Director of Corporate Services to make alternative insurance arrangements as necessary after consulting with the Cabinet Member for Finance, Corporate Services and Revenues & Benefits.

3. Background

3.1 The Council's current long term agreement for insurance services with Zurich Municipal is due to end on 30 October 2021. To secure continuity in the Council's insurance cover arrangements, this report seeks Cabinet approval for the award of contracts for the Council's insurance programme commencing on 1 November 2021.

3.2 A competitive tender exercise was issued through the Crown Commercial Services Framework RM6138 Dynamic Purchasing System for the following areas::

- Lot 1: Property (including Computers, Contract Works, Business Interruption, Money and All Risks)
- Lot 2: Commercial and Industrial Properties
- Lot 3: Casualty (Combined Liability including Claims Handling)
- Lot 4: Motor Fleet
- Lot 5: Engineering Insurance & Inspection
- Lot 6: Crime
- Lot 7: Group Personal Accident

3.3 The bidders were asked to submit their tenders based on an initial insurance period of 3 years and 5 months from 1 November 2021 to 31 March 2025, with the option to extend for one further period of two years ending 31 March 2027. The new contract periods will be financial years (rather than November to October) for simplicity and to match Council budget periods. Paragraph 7.1 provides both the tendered 17 month insurance costs and an estimate for the annual 12 month cost for comparison against current budgets

3.4 Five insurers responded to the invitation to tender. Bids were evaluated using the criteria stipulated in the invitation to tender which was generally based on either 55% of 60% price weighting. The quality criteria assessed included general and underwriting services, claim handling and other services offered, e;g; access to on line websites for policy and risk management.

3.5 The Council's insurance broker, Arthur J Gallagher Ltd, completed the initial evaluation the tenders and their summary is attached as exempt appendix 2. This forms the basis of the recommendations in section 2 and of the detail in section 5.

3.6 For marine insurance, our insurance broker has compared our insurance and pricing from Navigator and General (N&G) against other specialist insurers and have confirmed the premiums paid by the Council for this insurance represent value for money. They have recommended we continue with N&G for marine insurance cover.

4. Outcomes to be Achieved

4.1 To have appropriate comprehensive insurance cover in place for the Council over the medium term.

5. Proposal

5.1 Upon completion of the evaluation, the recommendation is to award the following contracts to the bidders set out below which represent the most economically advantageous tenders received.

Table 1: Evaluated tender scores (%) (NQ = No quote)

Lot	Company A	Company B	Company C	Company D	Company E	Recommendation
1	79.8	90.5	66.7	67.2	NQ	Company B
1a						Company B
2	91.0	87.1	76.9	80.9	NQ	Company A
2a						Company A
3	79.0	90.0	77.0	NQ	73.0	Company B
4	86.7	88.5	66.14	92.0	72.6	Company D

5	NQ	NQ	89.0	NQ	71.3	Company C
6	NQ	NQ	99.0	NQ	80.1	Company C
7	NQ	NQ	100.0	85.3	93.4	Company C

- 5.2 Lots 1a and 2a represent cover for Terrorism for lots 1 and 2 respectively.
- 5.3 Further details of the tender evaluation can be found in exempt appendices 1 and 2. Cabinet members may also wish to review the detailed comments made by our insurance broker against each lot which support these recommendations.

6. Alternatives Considered

- 6.1 The recommendation here is made to ensure continuity of insurance cover for the Council. Self-insurance beyond the voluntary excesses included in our insurance specification is not a realistic option given the potential liabilities involved.

7. Resource and Legal Implications

- 7.1 The Council's insurance contract has been tendered in accordance with the Contract Procedure Rules and the tenders have been evaluated by the Council's broker under the contract let by this Council in February 2021. The choice of CCS framework RM 6138 was approved by the Council's Section 151 and the Monitoring Officer.
- 7.2 The impact on revenue resources of the tendered lot awards if based on the recommendation in this report are set out below in table 2.

Table 2: Insurance lot tender price

Lot	Tender figure: 17 months to 31-3-23	12 months equivalent	Expiring premium	Net saving (12 months, 1 st year)
1	£56,458	£39,853		
1a	£14,227	£10,043		
2	£129,502	£91,605		
2a	£14,144	£10,005		
3	£117,733	£81,086		
4	£127,486	£90,179		
5	£17,846	£12,237		
6	£6,678	£4,713		
7	£2,754	£1,944		
Total	£486,828	£341,665	£393,054	
IPT*	£57,068	£40,074	£46,322	
Total	£543,897	£381,739	£439,376	£57,637

* Insurance Premium Tax

** see paragraph 7.3

- 7.3 Table 2 of the exempt appendix 2 provides more information and compares the proposed new annual cost of insurance cover against present costs for individual insurance lots. The figures in table 2 (above) and in appendix 2 are adjusted to reflect any discounts to premiums awarded for placing multiple lots with insurers.
- 7.4 The marine insurance cost is expected to be below £5,000 and is subject of a specific recommendation at 2.2.3 above.

8. Consultation

8.1 Not applicable

9. Community Impact and Corporate Risks

9.1 This item is not identified separately on the Council's strategic risk register however ensuring continued provision of insurance is a business critical activity and the risk of not having insurance cover in place is considered unacceptable. Self-insurance during any period where external insurance cover is not active is considered unaffordable

9.2 For these reasons, recommendation 2.3 has been added to ensure that the Council's s.151 officer can arrange either emergency insurance cover or make changes to the cover sought or insurance providers used to ensure continuity of insurance provision.

10. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		X
Biodiversity and Climate Change Mitigation		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other (please specify)		X

11. Appendices

1: Exempt: Tender Award summary

2: Exempt: Evaluation summary and commentary provided by the Council's Insurance broker