



CABINET

20TH OCTOBER 2016

AGENDA ITEM (7)

INSURANCE SERVICES

Accountable Member	Councillor Lynden Stowe Leader of the Council
Accountable Officer	Paul Stuart GO Head of Finance 01285 623090 paul.stuart@westoxon.gov.uk

Purpose of Report	To consider tenders received for, and approve the award of, insurance contracts.
Recommendation	That Cabinet approves the award of insurance contracts Lots as set out in Section 3 of Exempt Appendix A to this report.

Reason(s) for Recommendation(s)	To ensure that the Council has adequate insurance policies in place.
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Ward(s) Affected	None directly
Key Decision	Yes
Recommendation to Council	No

Financial Implications	<p>The Council paid £168,333 in 2015/16 for its insurance services inclusive of policy premiums, Insurance Premium Tax (IPT) and brokerage/claim handling fees. The current budget provision is £169,040.</p> <p>The outcome of the tender process is set out in Exempt Appendix A. If the recommendations are accepted, the cost of premiums and IPT (but excluding brokerage/claim handling fees) is estimated to be £111,327, a saving from last year of approximately £41,000. In addition, it is estimated there will be savings in brokerage/claims handling costs of at least a further £5,000.</p> <p>Consequently, it is anticipated that the insurance services tender will realise savings in the region of £46,000, which will be incorporated within the update to the Council's budget for 2017/18.</p>
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	It should be noted that the figures quoted for Cotswold District Council reflect the Council's current portfolio of property, staffing levels, etc. These figures will be updated prior to going live with the new insurers in May 2017, so there may be some variation - but it is still anticipated that the identified level of savings will be achieved.
Legal and Human Rights Implications	The Council has complied with procurement legislation, including the Public Contract Regulations 2015.
Environmental and Sustainability Implications	Not applicable
Human Resource Implications	The proposal ensures that the Council's staff and assets are suitably insured.

Key Risks	The Council will enter into insurance arrangements to minimise the impact of financial loss from insurable risks.
Equalities Analysis	Not applicable

Related Decisions	None
Background Documents	None
Appendices	Exempt Appendix 'A' - Tender Details, Evaluation Summary and Contract Award Recommendations

Performance Management Follow Up	Complete the procurement process and enter into the insurance arrangements as agreed by the Cabinet.
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Options for Joint Working	The insurance contract has been procured by way of a joint tender with the Council's 2020 Partner Councils.
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Background Information	
1. <u>Introduction</u>	
1.1 The Council's current insurance contract ends on 30 th April 2017. The policy is with Risk Management Partners Ltd.	
1.2 During the last few months, a tendering exercise has taken place for insurance services, as part of a combined insurance tendering exercise across the GO Partner Councils. Procurement of the contract was undertaken via the Crown Commercial Services (CCS) Procurement Framework, on which all public sector insurers are listed.	
1.3 The joint procurement was undertaken to try and obtain a saving on premiums as well as aligning insurance renewal dates and insurance companies across all GO Partner Authorities.	

1.4 This Council currently pays £168,333 p.a. for its insurance services.

2. The Tendering Process

2.1 The contract has been tendered for an initial three-year period, with the option of an additional two years (1+1). The contract for the Council's GO Partners will begin on 1st November 2016. Cotswold will move to its new contract from 1st May 2017, harmonising contract renewal dates with our GO Partner Councils at that stage.

2.2 The insurance tender invited bids on 7 separate 'lots':

- Lot 1: Property Damage, Business Interruption, Money and Computers
- Lot 2: Employer's Liability, Public & Products Liability, Professional Indemnity and Directors' & Officers' Liability
- Lot 3: Fidelity Guarantee
- Lot 4: Engineering Insurance & Inspections
- Lot 5: Motor Fleet
- Lot 6: Travel, including Personal Accident
- Lot 7: Terrorism

2.3 Bidders were able to bid for one particular lot, a combination of lots, or all seven lots.

2.4 Portmore Insurance Brokers (whose services were separately procured via the CCS framework to lead the insurance tender work) assisted the Council with the tendering process and evaluation of bids.

2.5 The framework enabled up to 25 insurance companies to bid, although some of these are targeting specific niche markets, e.g. marine liabilities, nuclear risks. However, all the major public sector companies are within the framework. In respect of this tender, six were received and, of these, two of the insurers bid for all seven contract lots - this included bids from the Council's current insurer, Risk Management Partners Ltd.

2.6 It should be noted that, for Lot 7 - Terrorism, it was considered that the framework did not meet the required specification. Consequently, it was allowed to go outside the framework and the premium quoted is from an insurer outside the framework on a 'first loss' basis.

2.7 Based upon the bids received, Portmore Insurance Brokers have recommended contract awards as set out in Section 3 of **Exempt Appendix A**. Details of all bids received are also set out in that Exempt Appendix. If Members wish to discuss the detail of any of the proposed awards, or any of the alternative bids, the Meeting will need to move into closed/private session (by virtue of paragraph (3) of Part I of Schedule 12A to the Local Government Act 1972 - Information relating to financial or business affairs.

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