

Wards Affected:

All

ITEM 6

PROCUREMENT AND COMMISSIONING

7 FEBRUARY 2017

INVITATION TO TENDER - MILTON KEYNES COUNCIL INSURANCE PROGRAMME (REF: CU2579)

Responsible Cabinet Member: Councillor Middleton (Cabinet member for Resources and Innovation)

Report Sponsor: Nicole Jones (Corporate Director - Resources)

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Executive Summary:

This report is seeking approval to commence the tender process for the provision of insurance protection for the Council. The proposed insurance contracts will be let for 3 years with the opportunity to extend annually for a further two years. The tender is to be run in collaboration with Northamptonshire and Cambridgeshire County Council's and Northampton Borough Council.

1 Recommendation

1.1 That approval be given to the commencement of the tender process via the OJEU open procedure for the procurement of the Council's insurance arrangements.

2 Background

Consultation

2.1 LGSS has undertaken pre tender market consultation meetings with potential tenderers to ensure that markets are aware of the scale and timing of the tender exercise

2.2 By undertaking a joint procurement exercise it is expected that all Council's will obtain benefits due to reduced administration both internally and with insurance providers.

Specification

2.3 The specification for the insurance programme will be determined via a review of the existing programme.

2.4 The specification can be summarised as:

- (a) Casualty Insurance Policy - public and employers liability.
- (b) Material Damage Policy - buildings and assets.
- (c) Motor Insurance - compulsory insurance protection.
- (d) Fidelity Guarantee/Crime Policy - employee theft insurance.

- (e) Other ancillary covers - including but not limited to personal accident, computer, engineering.

2.5 The tenders will be evaluated on the basis of the following criteria:

Area	Evaluation Area	Weighting (%)
1	Tender Price:	40
2	Quality: comprising of; Programme Policy Coverage Claims Handling Weighting to be determined according to the demands and needs of each Lot	60

2.6 Tenders submitted will be evaluated by a panel comprising LGSS Insurance representatives and the LGSS appointed insurance broker (Arthur J Gallagher) with support from procurement colleagues. The tender will be run via LGSS E-tendering portal Due North. InTend may also be used to notify and sign post the tender to market.

2.7 The procurement process is being managed by Cambridgeshire County Council on behalf of LGSS partner and client Council's who are included in the tender process, for avoidance of doubt the insurance programmes for the following organisations are being tendered:

- (a) Milton Keynes Council
- (b) Cambridgeshire County Council
- (c) Northamptonshire County Council
- (d) Northampton Borough Council
- (e) Northampton Partnership Homes

Contract Terms and Conditions

2.8 Tenders will be sought for contract periods starting from October 2017 and completing in September 2020, with the option to be extended for 12 months for a maximum of two years. The ultimate contract expiration date will be September 2022

3 Alternative Options

3.1 The following options appraisal has been conducted:

- (a) **Do nothing, i.e.** Cease to purchase insurance - not an option - the Council is required to hold certain classes of insurance and it is

financially prudent for risks such as property and liability to be subject to some form of financial risk protection.

- (b) **Deliver the requirement internally (in-source)** - the Council already holds a large self insured retention on its insurance programme, LGSS are reviewing this to ensure that the Council has the most financially appropriate blend of self and externally insured risks.
- (c) **Extend current contract** - not deemed appropriate, due to LGSS tendering the insurances for other partner and client Council's there are procurement and market advantages to procuring now, also the existing contract of insurances are subject to long term agreements that expire in 2017.

4 Implications

4.1 Policy

The award of this contract contributes to the delivery of the Council's Corporate Plan 2016-2020 through mitigating corporate spend on insurance protections.

4.2 Resources and Risk

The key risks for this contract have been assessed as:

Risk	Likelihood/Impact	Mitigation	Likelihood/Impact after Mitigation
No tenders received	Low/Medium	A market engagement exercise has been undertaken and we continue to work with brokers to explore methods to make the contract attractive to a larger volume of suppliers in what is a restricted market.	Low/Low
Premium costs increase	Medium/Medium	The local authority insurance market is showing a trend toward increasing premiums, insurers are being selective with regard to the risks they underwrite, as a result we are looking at how and what Milton Keynes insures to ensure that the offering is as attractive as possible to providers at favourable rates.	Medium/Low

The governance measures set out in 2.7 above provide a basis to conclude that these threats, properly managed represent a LOW likelihood with a LOW Impact.

N	Capital	Y	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

4.3 Carbon and Energy Management

This section is not applicable to this procurement

4.4 Legal

This procurement will be carried out in compliance with the Council's Constitution, Contract Procedure Rules, Financial Regulations and applicable European Procurement Regulations.

4.5 Other Implications

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
N	Carbon and Energy Policy				

Background Papers:

START Project Documentation