

# North Tyneside Council

## Report to Cabinet

### Date: 09 June 2014

#### ITEM 7(e)

Title: Procurement of  
Insurance Contract

Portfolio(s): Finance and Resources

Cabinet Member(s):

Ray Glindon  
Norma Redfearn  
Mayor

Report from Service  
Area:

Finance and Commercial Services

Responsible Officer:

Janice Gillespie Senior Manager  
Finance and Commercial Services

Tel: 643 5701

Wards affected:

All

## PART 1

### 1.1 Purpose:

The purpose of the report is to seek approval to carry out a tendering exercise for the Insurance Service. In accordance with Standing Order 8(3) this report requests approval to proceed with a procurement exercise, as the estimated cost is over £500,000.

### 1.2 Recommendation(s):

It is recommended that Cabinet authorise the Chief Executive to carry out a procurement exercise for the procurement and award of the Insurance Service for a period of 3 years with an option to extend for a further 2 years.

### 1.3 Forward Plan:

28 days notice of this report has been given and it first appeared on the Forward Plan that was published on 14 April 2014

### 1.4 Council Plan and Policy Framework

This report relates to all aspects of the Council Plan.

### 1.5 Information:

#### 1.5.1 Background

1.5.2 The current insurance arrangements expire on the 30<sup>th</sup> September 2014. A three year contract period is proposed as it should allow an insurer to spread its fixed costs over three years rather than one and would also give a greater assurance of cover over a

longer period of time. These factors should enable the Council to obtain more competitive terms and/or receive a long-term agreement discount. A contract period of more than one year will also allow the Council to make savings on tendering costs as a tendering exercise will be carried out once every three years rather than every year. The full portfolio of insurance is to be tendered for, this includes:

- Public Liability
- Employers Liability
- Property
- Motor
- Officials Indemnity
- Fidelity Guarantee
- Balance of Perils
- Claims Handling
- Money
- Leasehold/Commercial

1.5.3 Preparation for the tender has already commenced with updates of services delivered and assets held being collated from all services.

## 1.6 Decision options:

The following decision options are available for consideration by Cabinet

**Option 1** - Proceed with a tender for Insurance provisions with a 3 year Long Term Agreement (LTA) with an option to extend for a further 2 years.

**Option 2** - Proceed to tender for insurance provisions for 5 years.

**Option 3** - Proceed to tender for insurance provisions for 1 year.

Option 1 is the recommended option.

## 1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

A three year contract period should allow an insurer to spread its fixed costs over three years rather than one and would also give a greater assurance of cover over a longer period of time. A contract period of 1 year will not allow insurers to evaluate the full extent of risk undertaken and this could lead to premium loading. A 5 year contract does have benefits in terms of LTA discounts, previously this approach has secured a 5% saving, however the option to review the contract after 3 years gives the Council an opportunity to take advantage of existing terms, re-negotiate terms or re-tender.

## 1.8 Appendices:

There are no Appendices to this report

## **1.9 Contact officers:**

Janice Gillespie, Senior Manager, Finance and Commercial Services. (0191) 643 5701

Tracy Robinson, Claims and Insurance Co-ordinator Cofely, GDF Suez (0191) 643 5869

## **1.10 Background information:**

There are no background papers to this report.

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

The procurement process will be delivered using existing resources within the Authority and our Partner Cofely GDF Suez. It is proposed to have a three-year contract with an extension option of up to a further two years. It is not possible to accurately estimate future costs as external market factors apply, however, it is currently anticipated that the costs of the new insurance arrangements can be met from the existing budget provision.

### **2.2 Legal**

The value of the new contract for Insurance Services will exceed the statutory threshold of £172,514 and therefore this procurement will be subject to EU procurement rules and procedures. The Framework Arrangement must therefore be procured in compliance with the EU Public Contracts Directive 2004/18/EC and the Public Contracts Regulations 2006.

### **2.3 Consultation/community engagement**

2.3.1 Internal Consultation has taken place with Service Managers, and the Cabinet member for Finance and Resources.

2.3.2 External Consultation has taken place with the authority's Insurance broker.

### **2.4 Human rights**

There are no Human rights implications directly arising from this report

### **2.5 Equalities and diversity**

There are no Equality and Diversity implications directly arising from this report

### **2.6 Risk management**

Effective insurance/risk transfer arrangements support the Councils operational and strategic risk management.

## 2.7 Crime and disorder

There are no Crime and disorder implications arising directly from this report

## 2.8 Environment and sustainability

There are no environment and sustainability arising from this report

### PART 3 - SIGN OFF

- Chief Executive  x
- Head of Service  x
- x
- Mayor/Cabinet Member(s)  x
- Chief Finance Officer  x
- Monitoring Officer  x
- Strategic Manager – Strategic Services  x