

BOROUGH OF KETTERING

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Report Originator	Mark Dickenson Head of Resources	<i>Fwd Plan Ref No:</i> -	
Wards Affected	All	16 th March 2016	
Title	INSURANCE SERVICES PROCUREMENT		

Portfolio Holder: Cllr J Smith

1. PURPOSE OF REPORT

To report the outcome of the recent procurement process for the provision of Insurance Services to the Council and recommend that the Council enter into a contract with the successful bidder.

2. BACKGROUND INFORMATION

- 2.1 The Council's existing insurance contract with Zurich Municipal is due to expire on the 31st March 2016.
- 2.2 The Council's insurance contract provides cover for Property, Motor, Liability, Engineering and some additional covers such as Fidelity Guarantee.
- 2.3 The current insurance contract value (including Insurance Premium Tax) is around £420,000 per annum, it commenced in 2008 for a duration of 7 years.
- 2.4 In anticipation of the current contract expiring, the Council has gone through a formal procurement process to re-tender the contract.

3. PROCUREMENT FRAMEWORK

- 3.1 The tender process for the Council's Insurance Service was conducted in accordance with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules. Owing to the contract value the procurement was undertaken in accordance with OJEU (this required the tender to be placed in the Official Journal of the European Union and a prescribed process to be followed).
- 3.2 The tenders were assessed using the following criteria :

Criteria	Percentage
Price	45%
Breadth of Policy cover	20%
Ease of administration & Claims management service	15%
Proven in depth technical knowledge of public sector	10%
Availability of other value added / risk management services	10%

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- 3.3 The contract is for a period of 5 years and would cover the period 1st April 2016 to 31st March 2021.
- 3.4 Subject to the Executive approving the award of contract the award of contract would be made after the expiry of the mandatory standstill period (which is ten days from the date of this meeting). This is a requirement of the Public Contracts Regulations 2015.

4. PROCUREMENT TIMETABLE

- 4.1 The procurement timetable that was followed is outlined below:

Activity Description	Start and End Date
Place OJEU Notice	27 th October 2015
Deadline for points of clarification questions	16th November 2015 at 12 noon
Council to respond to clarification questions	1st December 2015 at 12 noon
Deadline for submission of ITT (including PQQ) responses by Tenderers (Tender Response Deadline)	14 th December 2015 at 12 noon
Award Decision (outcome of evaluation) and start of standstill period	29 th February 2016
Contract Start Date	1 st April 2016

5. EVALUATION PROCESS

- 5.1 The procurement process was a single stage process. Tenderers were invited to complete and return the Tender Response Document which included a Pre-Qualification Questionnaire (PQQ).
- 5.2 Tenderers had to meet certain minimum requirements regarding probity, financial standing, technical ability, capacity and experience. All these minimum requirements were assessed via the responses to the PQQ. Tenderers were also required to submit their Tender for the services via the Tenderers Response Document; this included a pricing schedule for the Tenderers to provide a breakdown of their Tender.
- 5.3 Tenderers were also invited to respond to a series of questions to demonstrate how they will meet the specification for the services and also how they would meet the requirements for the procurement process.
- 5.4 The comprehensive pricing schedules submitted by the bidder enabled the price to be evaluated, and the answers to the questions allowed for the quality to be evaluated. The weighting given to price was 45% with a weighting of 55% given to the qualitative aspect.

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5.5 There were a number interested providers, to whom the tender packs were sent. However, submissions were only received from one bidder.

5.6 Having discussed this with colleagues from other Local Authorities, this situation is common with Local Authority Insurance Services which are now effectively serviced by one major organisation.

6. FINANCIAL IMPLICATIONS

6.1 The Council's current annual insurance values and those provided by the single bidder are summarised in the following Table:

	2015/16	2016/17 Tender Price	Change
Insurance Premium	£398,299	£424,023	£25,724
Additional Cover	N/A	£1,418	£1,418
Change in Excess Levels	N/A	£8,805	£8,805
Total before Insurance Premium Tax (IPT)	£398,299	£434,256	£35,947
Insurance Premium Tax (IPT)	£23,624	£39,938	£16,314
Total	£421,923	£474,184	£52,261

6.2 The main changes in price result from an increase in insurance premiums which is reflective of the current insurance market and an increase in Insurance Premium Tax (IPT) which increased from 6% in 2015/16 to 9.5% in 2016/17.

6.3 The excess levels were also reviewed as part of the process. The Public Liability, Employers Liability and All Risks were increased which resulted in a lower premium after taking account of the increased excess cost this is likely to result in a saving of around £15,000 per annum.

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6.4 The table below summarises the evaluation criteria used:

Evaluation Criteria	Weighting	Bidder A
Price	45%	45.00
Breadth of Cover Proposed	20%	20.00
Administration and Claims Management	15%	15.00
Knowledge of Public Sector	10%	10.00
Other	10%	10.00
Total	100%	100.00
Rank		1

6.5 Only one tender was returned and the criteria were met in full.

6.6 The single bid results in increased revenue costs of around £52,000 per annum. These costs are fairly evenly split between the General Fund and the Housing Revenue, and have been provided for in the budgets for 2016/17.

7. LEGAL IMPLICATIONS

7.1 The process is fully compliant with procurement regulations and the Council's Contract Procedure Rules.

8. USE OF RESOURCES

8.1 As detailed in the report.

9. RECOMMENDATION

That the Executive Committee:

9.1 Notes the procurement process that has been followed.

9.2 Approves the award of contract to the successful bidder, as the Council's preferred supplier for direct Insurance Services and Engineering Inspections, for the period of 5 years effective from 1st April 2016.

Background Papers:

Title of Document:

Contact Officers: M Dickenson

Previous Reports/Minutes: